

W I T H D R A W A L N O T I C E

RG: 059

TAB # : 20

ENTRY: CDF60-63

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NR : 111130Z JOINT WEEKA 32 AUG 60

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SGD WAILES

1. Political

A. Internal

(1) Elections (WEEKA 31)

With little over half of 20th Majlis seats filled, ruling Melliyum Party now has more than 2 to 1 margin over Mardom. Latest results show 76 Melliyum, 32 Mardom, 3 Independent Deputies (including 19th Majlis speaker Reza Hekmat elected) all from Provinces. Voting continuing in Provinces, though elections some constituencies reported suspended due complaints irregularities and resignation Electoral Councils. Important Tehran polling now expected begin during coming week.

In election speech, PM Eqbal strongly attacked independent candidate Ali Amini, alleging his 1958 recall from Washington due improper conduct which might have to be revealed if Amini's anti-Government campaign charges continue. (UNCLASSIFIED).

Comment: Pattern of results to date, together with numerous public and private reports, confirm that underlying control of elections being exercised by Government despite widespread confusion and disorganization.

With key Tehran elections still not accomplished, ultimate effect on Iranian political stability of Government's attempt quietly to rig the elections under a veneer of freedom cannot be determined. (CONFIDENTIAL)

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(2) Iran to lose by oil price cut.

If 6.5 percent oil price cut initiated by Standard of Jersey is followed by all consortium member companies, Iran will receive about \$8-million less in oil payments in 1960 than had been anticipated. (UNCLASSIFIED)

Comment: Although loss will not be crippling, does complicate problems of current financial stabilization program. Thus far reaction to price cut is nominal; Iranian oil officials were well aware of world conditions conductive to cut. (LIMITED OFFICIAL USE)

(3) Request for PL-480 agreement.

GOI has requested additional PL-480 agreement for 200,000 MT wheat and 10,000 MT edible oils and 50,000 MT feed grains. (OFFICIAL USE ONLY)

Comment: Due drought wheat crop likely be 400,000 tons short 1959 crop. Barley also down at least 10,000 tons. (OFFICIAL USE ONLY)

2. Psychological

A. Press and radio

(1) Iran-UAR

Heavy volume of attention given dispute with UAR over Iran's relations with Israel, with several papers gloating over failure of UAR to persuade Arab League to break off relations with Iran. Etelaat says Nasser imitates Soviet dictatorial methods, operates Goebbels-like propaganda machine. Azhang, Sedayeh Mardom demand that CENTO members support Iran. (UNCLASSIFIED)

Comment: With prestige of Shah involved and general antipathy to Nasser, criticism of Government as result of dispute highly unlikely. (LIMITED OFFICIAL USE)

(2) Elections

Most papers continue highly vocal criticisms of election procedures, pro-Government papers defend PM.

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Eteleaat hails Shah's promise of new election law which, with party system, "points to truly Democratic way of Government." Tehran Journal sees "highly dangerous" situation in efforts of entrenched interests to manipulate elections, adds balloting in Tehran likely to be most free and most indicative of people's sentiments. (UNCLASSIFIED)

Comment: Personalities and procedures, not party principles, remain only subject for press discussion. (UNCLASSIFIED)

(3) Congo

Eteleaat and Kayhan continue to review Congo problem, few other papers comment. Papers see UN as only hope for solution of difficult situation. (UNCLASSIFIED)

(4) Cuba (WEEKA 30)

While there was little general interest in the Cuban situation, both Eteleaat and Kayhan reviewed recent events and reached the same melancholy conclusion: The future holds only further, deeper tension between Cuba, US and USSR. (UNCLASSIFIED)

Comment: Papers now taking more balanced attitude toward Castro. (OFFICIAL USE ONLY)

(5) Constitution Day

Eteleaat and several small papers pay traditional respects to Iran's Constitution and those who fought for it and assert progress and reforms stemmed from it. Kayhan among several noting there was no official celebration of anniversary, "apparently because there is no real Constitutional regime." (UNCLASSIFIED)

Comment: Allegation that Constitution being flaunted by Government and Shah not lost on readers. (LIMITED OFFICIAL USE)

B. Radio Moscow-NVI

Both NVI, radio Moscow continued reporting and embellishing stories of rigged elections and resulting anti-Government disturbances.

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Criticism of Shah as puppet "American Imperialism" continued from both sources. NVI, taking advantage Iranian Constitution Day (August 5) criticized Shah and Eqbal for destroying Constitution, freedom of elections.

NVI again warned Shah not to rely on US assurances support in view abandonment of US 'stooge" Menderes. (UNCLASSIFIED)

3. Military

A. Army

(1) New Ground Forces Commander, IIA

Lt Gen Bahram Ariana relieved as Chief Ground Forces by Gen Hedayat, Chief SCS. Lt Gen Abdol Hossein Hejazi, Dep Chief SCS, appointed new Ground Forces Commander. Ariana's relief apparently caused by series of actions and orders initiated by Ariana without knowledge and approval Gen Hedayat. Gen Ariana assigned Adjutant General to Shah. This assignment designed preserve prestige of general officers relieved of command and staff responsibilities. Successor to Gen Hejazi not yet selected. (CONFIDENTIAL)

Comment: Ariana's relief of command apparently result power struggle between him and Hedayat which has been building up for some time. Hedayat won. (CONFIDENTIAL)

(2) Missiles arrive.

First shipment SS10 and SS11 anti-tank missiles for IIA arrived 6 Aug. Missiles will remain storage until maintenance and operational crews properly trained. Upon completion of training missile platoons will be sent Inf Center, 2d, 3d, 4th and 5th Inf Divs. (CONFIDENTIAL)

Comment: Integration these missiles in IIA units designed strengthen anti-tank defenses northwest Iran. Deficiency in qualified maintenance personnel causes delay in operational readiness missile units. (CONFIDENTIAL)

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(3) New Assistant Iranian Attache to USSR

Col Ebrahim Motamedi, C/S Armd-Cav Center, assigned as Asst Army, Air and Naval Attache to USSR. Col Motamedi expected depart Iran for Moscow on or about 17 Aug. (OFFICIAL USE ONLY)

Comment: Considered routine assignment. (OFFICIAL USE ONLY)

(4) Visit to VI Corps area.

ARMA and Asst ARMA, accompanied by special asst to Amb for MSP, completed 9-day field trip (2900 KM) through NE Iran, visiting 11th Div Sabzevar, 12th Div Meshed, VI Corps Hq Torbat-E-Hedarieh and 1st Div Gorgan. All units, except VI Corps Hq, were at summer training sites. 1st Div was most impressive of those visited. (CONFIDENTIAL)

Comment: This week is end of shortened summer training period. Beginning 12 Aug units start return to home stations. (CONFIDENTIAL)

B. Navy

(1) CNO IN to Europe

VAdm Shahin departed Tehran 9 August for approximately one month trip Europe. One purpose to inspect Italian Corvettes expected under MAP. (UNCLASSIFIED)

Comment: None.

C. Air Force

Negative

ACTION: ACSI

INFO : DCSOP, CA, OSA, JIG, OSD, AF, NAVY, STATE

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NR: 270515Z JW 34 AUG 60

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SGD WAILES

1. Political

A. Internal

(1) Elections (Weeka 33)

Teheran remained calm during orderly voting concluded Aug 20. Strong indications extensive government interference ensure election preselected candidates. Vote count underway in face complaints Mardom, independents. Teheran results expected in week to ten days.

Muzafar Baqai, head of Toilers Party, running as independent from Kerman lost to Mardom, Melliyun opponents. (UNCLASSIFIED)

Comment: Public apathy and fact students on holiday believed major reasons surprising calmness Teheran voting. Government had complete control security situation during election period. Widespread knowledge flagrant rigging elections raises question ultimate effect events past two months on position of Shah and political stability Iran; Baqai's poor showing, despite known strength in Kerman, prime example election fixing. (CONFIDENTIAL)

(2) IMF stabilization proposals accepted

(Weeka 33).

GOI this week accepted IMF stabilization proposals. Also requested reopening consultations with fund and early access to fund's standby credits. GOI has agreed substantially reduce RTE credit expansion, cutback expenditures current budget, increase revenue by collection taxes owed by importers, and reallocate fiscal resources to complete second seven year plan. (CONFIDENTIAL)

Comment: Highly praiseworthy GOI decision followed stiff fight within cabinet and successful persuasion Shah this only way avoid imminent foreign exchange crisis and severe cut econ development program. (CONFIDENTIAL)

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(3) 28 Morbad

Anniversary overthrow Mosadeq regime (28 Morbad) celebrated Teheran Aug 19. Shah in radio broadcast to nation stressed stability and economic progress past seven years. Also questioned right of oil companies lower oil prices without informing owner countries and intimated portion foreign press campaign against Iran instigated by oil companies who disgruntled 75-25 percent concession agreements recently concluded by Iran. (UNCLASSIFIED)

Comment: Complaint about unilateral reduction oil prices and implication some anti-Iran articles emanating oil companies both responsive known Iranian attitudes towards "oil monopolies", and may have been designed distract attention from Teheran elections which were not mentioned in speech. (LIMITED OFFICIAL USE)

B. Iran-USSR (Weeka 30)
Press reports Iranian charge Adamiat Moscow called on Khrushchev in Yalta Aug 18. Speculates Adamiat delivered Shah's reply to letter reportedly received from Khrushchev. FonMin declined comment in press conference Aug 20 (UNCLASSIFIED)

Comment: FonMin Aram told Emb contents of Khrushchev's letter and Shah's reply being kept very secret and described press assumptions on restoration friendly relations as poor speculation. (CONFIDENTIAL)

Comment: See Weeka 30.

C. Iran-Iraq

AmCon Khorramshahr reports Khorramshahr port office scheduled take over Abadan berthing services from Basra port authority Aug 27. According responsible local official transfer responsibility not coordinated with BPA but GOI hopeful BPA will cooperate since transfer involves operations strictly within Iranian territorial waters. (CONFIDENTIAL)

Comment: Iran Gov action based on unpublished decree of April 16 (Weeka 21). Iranian move intended as renewed step in direction liberation from dependence on Iraq in Shatt Al Arab. (CONFIDENTIAL)

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D. Iran-Israel

At press conference Aug 20 FonMin reiterated Iranian position status of relations with Israel. Declared there has been no exchange of Ambassadors between Iran-Israel and no change in situation since Iran accorded De Facto recognition. Rejected Egyptian propaganda as cover for "Nasser's blundering" and as effort confuse public opinion. (UNCLASSIFIED)

Comment: FonMin statement issued as timely effort refute Egyptian propaganda charges on eve Arab FonMin meeting Beirut. (UNCLASSIFIED)

2. Psychological

A. Press

(1) Oil price cut.

Many papers pick up Shah's 19 August statement it's not correct for oil companies to lower prices without informing producing countries. Keyhan insists price cuts not based on Soviet competition, but merely behind-the-scenes collusion of "oil dictators".

Comment: Still no comment which reflects understanding of issues. But indignation at unilateral manner of cuts universal and real. Iranians do not like to be ignored, and nobody convinced cuts will not result in drop in revenues. (UNCLAS)

(2) Elections

Relatively light comment makes no claim elections were free. DAD notes, "just as we had prophesied: those who were supposed to be elected, won". Ettelaat and Donya pleas for solution through amendment of election law. (UNCLASSIFIED)

Comment: Amendment of law called for earlier by Shah. (UNCLAS)

(3) 28 Morbad

Most papers noted spontaneity of uprising of 28 Morbad 1332 to defend independence of Iran and sacred institution of monarchy. Claimed willingness of people to rise up demonstrated determination to resist foreign interference and unbreakable bonds between people and Shah. (UNCLAS)

(4) Powers trial

Widely headlined by press, but virtually no comment. Ettelaat noted that, whatever real causes of pres
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present world crisis, U-2 incident did provide pretext for Soviet propaganda maneuvers, and had no good result for world. (UNCLASSIFIED)

(5) Congo

Only comment Keyhan, devoted to moralizing regarding colonialism noting colonial powers had brought civilization to Africa, wondered if this necessarily good; and observing colonizers had perpetrated many crimes, wonders if they should be surprised "if vanquished, as soon as he can, turns around and pays them in same coin." (UNCLAS)

Comment: Though Congolese violence condemned, sympathy consistently their side ever since beginning crisis. (OOO)

(6) Laos

Scant comment generally favors coup since new government neutral. Ettelaat Haftegi, echoed by Ettelaat, noted earlier period of neutrality and peace and tranquility under Prince Phouma, and opined Prince through coalition with Pathet Lao would be able to establish permanent peace in Laos. In any case Laos neutrality great headache for US. (UNCLAS)

B. Radio Moscow-NVI

Radio Moscow stressed disastrous results Iran because of its failure adopt independent policy with respect neighboring, peace-loving countries, following instead advice US masters in joining Baghdad Pact, concluding bilateral military agreement with US and having close relations with Israel. Iran enjoined against adventurous activities vis-a-vis neighbors and intimated cooperation developing between USSR and Turkey, Pakistan.

Other broadcasts both Radio Moscow, NVI continued criticize "bogus" elections. NVI stressed illegality regime, reported numerous demands equal government resign, new elections be held. Radio Moscow pointed out events Turkey, Iraq, Korea showed Iran regime be rotten and weak. On occasion 28 Morbad Radio Moscow stated Iranian people have been "protecting policy of real national independence" of Iran and would not participate "shameful" celebration of overthrow lawful Mosadegh government. (UNCLASSIFIED)

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3. Military

- A. Army: negative
- B. Navy: negative
- C. Air Force

(1) Congo airlift

On 22 August four USAF C-130s arrived Teheran enroute Karachi to airlift Pakistani troops to Congo. On 23 August mission was cancelled and aircraft directed to return Athens. Enroute Athens aircraft were directed to alter course and fly to Congo. (CONFIDENTIAL)

(2) IIAF F-86's

This week three more F-86s arrived Teheran for IIAF. (CONFIDENTIAL)

Comment: This makes a total of 19 F-86s in IIAF inventory. As previously reported, one F-86 had accident on take-off and may be damaged beyond economical repair. (CONFIDENTIAL)

(3) IIAF operated F-86/MTD.

F-86 MTD is now fully staffed and operated by IIAF personnel. (CONFIDENTIAL)

(4) DGCA personnel visit USAF bases in UK. USAFE approved visit of DGCA Iran personnel to visit two USAF installations in UK. Purpose visit to observe ATC and jet operation procedures. (UNCLASSIFIED)

(5) IIAF personnel visit US General Khademi, Chief of Staff IIAF, and five high ranking IIAF officers departed for US to visit several USAF bases. (CONFIDENTIAL)

(6) Under Secretary of Defense visit to Iran Mr Lincoln, Under Secretary of Defense, visited Teheran 23-25 August 1960. (UNCLASSIFIED)

ACTION: ACS I

INFO: DCSOP, CA, OSA, JIG, OSD, AF, NAVY, STATE

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SEP 60

STATE CONFIDENTIAL

SGD WAILES.

1. Political

A. Internal

(1) Cabinet changes

Eqbal government resigned August 29. Eqbal replaced as PM by Jafar Sharif-Emami, ex-Minister Industries and Mines. Action followed Aug 27 press conference in which Shah directly criticized government for badly conducted Majlis elections. New Sharif-Emami cabinet announced Aug 31 includes six other members outgoing government plus several others associated with this and earlier governments, but attempt made include non-party, non-controversial persons. Important foreign relations post as yet unfilled. Tehran and rest of country have remained calm, though considerable political activity, both over and behind scenes, taking place. One result such activity was order suspending elections.

(OFFICIAL USE ONLY)

Comment: In recent weeks pressure on Shah to remove Eqbal became irresistible. Principal reason may have been "inefficient" handling of elections. (CONFIDENTIAL)

(2) Elections

Following Shah's press conference virtually universal public condemnation Eqbal and elections occurred. At series hastily called meetings independents, Mardom, splinter groups from Meliyyun, bazaar and guild groups, and Baqai-led "guardians of freedom" all demanded Eqbal scalp and voiding of elections with Mardom elected candidates offering resign if necessary bring about new elections. In process, party allegiances, notoriously fragile Iran, largely disintegrated. First concrete results wild political manouvering: (A) Announcement of cessation all election activity, (B) Apparent temporary alliance Mardom, independents for

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purpose annulling elections, (C) Tentative moves Mosadeqists, other nationalists capitalize on crisis by holding meetings, calling for support. In this connection CAS reports national front rally scheduled for September 1 forbidden by Shah. (QUO).

Comment: While much of present activity gives appearance merely supporting Shah's decision remove Eqbal, deeper significance lies in real, if perhaps temporary opportunity afforded opposition greatly increase criticism existing state affairs and rally support. (CONFIDENTIAL)

(3) Press attacks on Iran

Issue of anti-Iran articles published in foreign press, particularly US, suddenly revived. Shah in interview for French television stated strong objections and alleged press attacks fostered by international communism and large oil companies. Shah's comments echoed by court Minister Aia on separate occasion. (UNCLASSIFIED)

Comment: Shah known to be particularly incensed over anti-Iran articles in foreign press, believing them to be proof lack of support of Iran by governments concerned. Embassy has received one report derogatory material collected from American press for reprisal campaign if ordered by Shah. (CONFIDENTIAL)

(4) Stabilization program developments

IMF team scheduled return Tehran Sept 2 to complete details stabilization program. With foreign exchange reserves at minimal level, GOI anxious finish consultations quickly and obtain access fund financing assistance soonest. (CONFIDENTIAL)

Comment: Composition GOI negotiating team not affected by fall Eqbal govt and members believe IMF consultations will be successfully concluded next few days. New PM strong opponent reform group but reality foreign exchange situation and financing problem of development program expected keep him in line. Some time next week PM expected formally request US send loan negotiating team Tehran soon as possible. (CONFIDENTIAL)

B. Iran-Iraq

AmConsulate Khorramshahr reported indefinite postponement active takeover Abadan berthing services by Khorramshahr port office (WEEKA 34). Indicated delay ordered to enable consortium work out reasonable transfer arrangements with Basra port authority. According FonMin, Shah, in agreeing postponement, made clear that proposed change dealt solely

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with Iranian territorial waters in which he felt free act in Iran's best interests.

Postponement eased tension heightened by BPA notice to shippers Aug 24 stating pilots would be refused ships using Iranian berthing masters. BPA stand based on 1954 agreement with consortium to provide such services and on argument of potential hazards to shipping in Shatt foreseen resulting from NPO inexperience and lack of coordinated navigation control. (CONFIDENTIAL)

2. Psychological

A. Press

(1) Elections

Most papers hailed Shah's elections statement as proof his close ties to people, concern their welfare. No paper defended elections. Despite Shah's effort to shield Eqbal from whole guilt, a few small papers attacked him as wicked and traitor. Melliyun, party organ, defended Eqbal, saying resignation was act of courage demonstrating a new devotion to Shah, and proclaimed Eqbal still beloved leader of party. Cautious and sparse comment on Sharif-Emami wished him well.

Most papers joined Shah in calling for amendment election law, including Etteiat, which has long campaigned for same. Keyhan, however, indignantly protested greatest defect not in law but in dishonest executors: "Let them implement present law for once; if proves defective in justice; can be amended." Most papers confused by constitutional implications of cancellation of elections, skirted issue, but Keyhan insisted since elections manifestly illegal cancellation could not be illegal, though insisted right lay solely with Shah. Also came out point-blank for rights of independents, saying both parties to blame for elections since they conspired to cheat people, neither party really concerned about freedom.

Scant comment activities of independents and Mardom Party designed stir up public protest called for by Shah. Etelaat did remark protest desired by Shah could not come from either party since they had selfish interests. (UNCLASSIFIED)

(2) Oil prices

Continuing indignation expressed up to time of cabinet crisis, then died. Several papers point to consortium agreement to take no action detrimental interests Iran, claiming agreement now violated. Also note that reassurances no drop in Iranian oil income precious argument

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since without price cut rise in production would have brought rise in income; result is loss of money by an definition. DAD insisted cuts US-inspired. As US imports 12 percent world oil production, cuts designed to save US money. Argument summarized at length in Keyhan. (UNCLASSIFIED)

(3) Anniversary of 1941 occupation
Three papers, including Keyhan, commemorate "sinister" day when British, Russians occupied Iran in 1941, noting how occupation destroyed economic progress achieved under Reza Shah, permitted political instability and corruption to arise, started ruinous inflation, etc.

Comment: Tone exceedingly bitter. No mention Americans (UNCLASSIFIED)

(4) Cuba

No comment except English-language Keyhan International, which questioned legality Monroe Doctrine, but insisted unrealistic expect US to permit entry into Western Hemisphere of Soviet influence, criticized Castro for intemperance, lack of common sense.

B. Radio Moscow-NVI

Fall of Eqbal government principal topic Radio Moscow, NVI from August 29. NVI concluded this great victory for nation and indication instability Shah's regime. Attacked new PM Sharif-Emami as traitor, slave foreign embassies. Demanded return "lawful" PM Mosadeq and holding free elections to form "national" government representing "united front national forces Iran". Radio Moscow however stressed deterioration Iran-USSR relations during Eqbal term office, invited Sharif-Emami take steps improve relations for benefit of Iran.

In earlier broadcast August 25 Radio Moscow referred to 1941 occupation Iran and pointed to similarities present situation, with American imperialists replacing Germans. Said Powers trial showed Iranian territory being used for military intrigues against USSR. (UNCLASSIFIED)

3. Military

A. Army

(1) Rumored revision promotion, retirement rules,

IIA

Tehran Journal 27 Aug reports that Him has directed Gen Hedayat, Chief SCSK to revise IIA promotion and retirement rules. Article states that officers who have reached retirement age will be compelled to retire and that officers who completed their required service for retirement

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NR: 030530Z

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may retire under present rules if they wish. Article continues that, due to overstrengths in various grades, vacancies created by retirements will not be filled and that all future promotions will be strictly in accordance with qualifications and abilities and will be attained through "well prepared competitive tests and examinations". (UNCLASSIFIED)

Comment: Retirement provisions are merely restatement of Part VI, para 69 and 71 of Imperial Iranian Armed Forces Bill (see incl to R-454-57). Promotion by qualification appears to be a strengthened restatement, at least for field grade and general officers, of Law, Part IV requirement for completion of specified schooling. No written orders have yet been discerned. However, conversation with other sources indicate definite efforts have been initiated to eliminate dead wood, probably prior to annual 23 Sep promotion day. (OFFICIAL USE ONLY)

(2) Field visit. On 31 Aug ARMA and AARMA completed 12-day visit to units of II and III Corps, IIIA, covering entire Azerbaijan area. Units are primarily engaged in maintenance of personal and organizational equipment for a 30-day period after completion of summer camp training. (UNCLASSIFIED)

B. Navy: Negative

C. Air Force

(1) General Peng Meng Chi arrives Tehran. General Peng Meng Chi, Chief of General Staff, Republic of China, arrived Tehran with military mission on 31 August for five day good will visit. (UNCLASSIFIED)

(2) Turkish Military Attaché leaves. Colonel Gozendor, Turkish Military Attaché, suddenly ordered by his government to depart Tehran within one week. Captain Bekin, Assistant Military Attaché, promoted to Major. (OFFICIAL USE ONLY)

Comment: Gozendor victim of retirement purge. (CONFIDENTIAL)

(3) Air Attaché flying trips. Air Attaché completed flying trips to Kerman, Zahidan, Birjand, Meshad, Rezaiyeh. Purpose to survey civilian and military facilities and enroute navigational aids. ICA FAA personnel accompanied Air Attaché. (CONFIDENTIAL)

Comment: IR follows (UNCLASSIFIED).

(4) IL-14 overflight. On 30 August USSR IL-14 overflew Iran enroute Moscow to Baghdad. Purpose of flight

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was to airlift supplies for Iraqi army. (CONFIDENTIAL)
Comment: Any USSR overflights occurred in past 30 days supplying Iraqi army with badly needed parts for Soviet equipment. (CONFIDENTIAL)

(5) Rumored transfer of paratrooper school and battalion. There is no indication from IIAF that there are any plans to support rumored transfer of paratrooper school and paratrooper battalion to location in Southern Iran. Transport wing, upon which both units depend heavily, is not scheduled for any change in present location at Doshen/Tappeh. (CONFIDENTIAL)

Comment: Rumored move would be impractical from an operational viewpoint since transport aircraft would be several hours away from the utilizing units. (CONFIDENTIAL)

ACTION: ACSI

INFO: DCSOP, CA, OSA, JIG, OSD, AF, NAVY, STATE

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SGD WAILES.

JW 36

SEP 60

1. Political
A. Internal
(1) Actions new government
New Sharif-Enami government September 7
officially announced general program which little different
from policies predecessor. Most significant items (A)
guarded expression hope for more friendly relations with
USSR provided Iran's western ties not broken and (B)
affirmation support economic stabilization decisions taken
by previous government (see 4. below). (UNCLASSIFIED)

2. Elections (WEEKA 35)
Elections completed to date voided by resignation
great majority elected deputies. Action followed Shah's
September 1 message requesting resignations in order open way
new elections. Shah was appointed committee review, revise
election regulations within framework existing law in order
find means conduct new elections in more free, impartial
manner. Date of new elections unknown but appears at least
several months distant. Orderly meeting national front held
race course September 1 after authorities banned planned
demonstration Majlis Square.

Comment: Shah's action ends round one 20th
Majlis elections. Shah now faced necessity improving new
elections without allowing what he believes be subversive
elements take advantage situation to gain seats in New Majlis.
Revised election procedures, which certain incorporate wishes
Shah and government, may provide partial answer dilemma, but
basic difficulties likely remain. (CONFIDENTIAL)



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(3) New Foreign Minister
Yadollah Azodi, Iranian Amb to Iraq, appointed
Fon Minister Sept 3. (UNCLASSIFIED)

Comment: Appointment spiked persistent rumors
that amb to Moscow, Masud-Ansari, would replace ARRM as first
step in ameliorating relations with USSR. Azodi was on re-
tired list prior appointment to Baghdad in April. (UNCLASSI-
FIED)

(4) GOI-IMF stabilization consultations
Second round IMF consultations should conclude
successfully next few days. (CONFIDENTIAL)

Comment: New PriMin has vigorously supported
decisions previous gov re economic stabilization. Program
involves difficult but necessary belt-tightening measures,
including cross-the-board budgetary cuts. Ultimate success
program, however, fundamentally dependent upon IMF balance
payments assistance and long-term US financing assistance.
PriMin expected any moment formally request speedy arrival
US team discuss financing arrangements. (CONFIDENTIAL)

(5) Baghdad oil conference
Iran will participate in conference middle
eastern oil producers, convening Baghdad September 10.
(UNCLASSIFIED)

Comment: Feeling widespread in cabinet that
something must be done to obtain guaranteed growth rate oil
revenues and provide better method of consultation with
Consortium re posted prices. (OFFICIAL USE ONLY)

(6) Iran gov substantially increases import taxes
In press conference Sept 6 Deputy PriMin Sajadi
announced immediate imposition long list new commercial profits
taxes which very substantially increase effective duty rates
imported conned and processed foods, toilet articles, large
cars, and long list other so-called luxury goods. Purpose
these new taxes is to conserve foreign exchange by reducing
imports. (UNCLASSIFIED)

Comment: Responsible members business community

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agree to necessity conserving foreign exchange this way, though very much concerned with possible resultant increased smuggling. (OUO)

(7) Drought effects

Effects drought being heavily felt many areas Iran. Some provincial cities very short water. Feed grains and roughage are high priced and people some areas already disposing livestock because inability provide winter feed. (UNCLASSIFIED)

Comment: GOI pressing emb for speedy action PL-480 request for wheat in order avoid shortages and increases prices milling wheat. (OFFICIAL USE ONLY)

B. Iran-UN
FonMin Azodi will head Iranian delegation to 15th UNGA. (UNCLASSIFIED)

C. Iran-Iraq
Iran gov has requested agreement for ex-FonMin Aram as amb to Iraq. (CONFIDENTIAL)

Comment: Restoration of normal relations with Iraq was perhaps most significant accomplishment in Aram's tenure an FonMinister. (OFFICIAL USE ONLY)

22 Psychological

A. Press

(1) Elections

Papers unanimous in praising Shah's wisdom in asking resignation deputies. A few papers attack Eqbal personally, though this not popular theme. Ettelaat joined by several small papers in call for revision election law, Ettelaat pointing out it had demanded this long ago. Keyhan, however, joined by Pergame Emruz in insisting fault not with law but with executors; law has never been given fair chance. One of main reasons for this, according Keyhan, is two parties, which represent tiny minority population, were in collusion to rig elections, divvy of Majlis. Parties should have been content with 10 or 15 seats "and left rest for vast majority outside parties." (UNCLASSIFIED)

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(2) Sharif-Enami government
Scant comment largely reserves judgment,
though some papers skeptical. Keyjan noted new cabinet seems
"not bad", and its program sound good, "But then all government programs sound good".

(3) Oil
A few small papers continue to condemn
cuts as violation agreements, demand cancellation. Peygane
Emruz astonished new cabinet's program says nothing on oil.
Iranian economy willy-nilly based on oil; should replace
ministry commerce with ministry on oil.

(4) Assassination Jordanian Premier
Assassination presented occasion further
attacks on "Madman" Nasser and his plans for domination.
Mehre Iran noted also that despite Nasser aggression, U.S.
has lent tremendous sums to Egypt, which being used for
propaganda "This one of thousands of mistakes which U.S.
committed after World War II".

B. Radio

(1) Radio Moscow, NVI, and Radio Iran
Radio Moscow in programs subsequent fall
Eqbal (A) strongly attacked Eqbal government, including ex-
Fonmin Aram, for opposing development friendly relations
with USSR, militarizing country, granting bases to imperial-
ists being tools US State Department, (B) quoted Iran press
as happy Eqbal downfall and hopeful obstacles to friendly
relations USSR, Iran will be removed, (C) stated USSR always
ready maintain good, friendly relations based on mutual
respect irrespective different social systems, citing
Afghanistan example, (DGL) heavily attacked US for bringing
danger war, reprisals to other countries through bilateral,
regional facts. In last connection, "confessions" two NSA
"defectors" cited as proving charge US actions dangerous
security other countries.

NVI continued direct attacks on Shah,
Eqbal government and interference internal affairs Iran by
Foreign Embassies. Stated American, British Embassies now
very active result annulment bogus elections. Repeated view
no free election were possible while lawful elements like
Mosadeq Noi ruling country. Bogus elections crushed due
efforts of Masses and freedom will result only from struggle

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all elements nation. (UNCLASSIFIED)

Comment: Divergence note general approach radio Moscow and NVI. Former refrains attacking Shah, present government. NVI sees absolutely no good in situation. Partial restraint radio Moscow appears be result recent cautious moves both governments improve strained relations. (OUO)

Beginning about September 4 tone radio Iran underwent change similar to radio Moscow. Two programs devoted to history Iran-Soviet relations ceased dwelling on bad aspects, noted past cooperation, or switched to criticism of Czars. Evening program devoted answering Moscow propaganda not broadcast for about a week, though reason given out that time needed for reportage Olympic games.

Meanwhile spate hopeful comment appeared press, speculating move shortly to improve relations, though almost unanimously, as in past, with reservation such improvement cannot entail any sacrifice Iranian sovereignty or dignity! (OFFICIAL USE ONLY)

3. Military

A. Army

(1) Reassignments general officers
Brig Gen Nasser Amir-Ansari, CG, Armor/
Cav Training Center, appointed Chief General Administration
of Police vice Lt Gen Alavi-Moghadam, newly appointed Interior
Minister. (UNCLASSIFIED)

(2) Changes in mil attaches accredited Iran
Col R. D. H. Phayre, UK MA to Iran, departs
for England in October. Phayre reassigned Hq British Army
West Germany at Munchen-Gladbeck as G-2, effective January.
Col Ihsan Gozendor, Turkish MA to Iran, departs for Ankara
15 Sep. Asst MA Capt Riza Bekin promoted to major and will
be acting MA. No info concerning replacement. (OUO)

Comment: Phayre reassignment considered routine. Gozendor, one of Turk colonels riffed by new regime, unhappy about retirement. Was considered capable and sound by other attache personnel this station. Bekin apparently on new team. (CONFIDENTIAL)

B. Navy
Negative

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C. Air Force

(1) IIAF Air Show
18 October IIAF will have large air show. Shah and civil populace expected attend. USAFE sky blazers will attend. (CONFIDENTIAL)

Comment: Sky Blazers will further cement good IIAF-USAF relations and display U.S. flag. (CONFIDENTIAL)

GKWL IIAF F-86 inventory

As of September IIAF has total of

22 F-86S. (CONFIDENTIAL)

(3) General Peng Chi departs Tehran (WEEKA 35)
Gen Pen Meng Chi, Chief General Staff, Republic of China, and Staff departed Tehran this week. While in Tehran Peng observed IIA Army camps and troops, IIAF Acrojet demonstration flight, visited Isfahan, was entertained by General Hedayat, Chief Supreme Commanders Staff.

Comment: No Sov bloc nation in attendance.
Appeared good will visit only. (UNCLASSIFIED).

ACTION: ACSI

INFO: DCSOP, CA, OSB, JIG, OSD, AF, NAVY, STATE

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GERMANY, COMDR 2ND ADIV DHARAHN SAUDI ARABIA

NR : JW 37

170500Z SEP 60

SIGNED WAILES

1. Political

A. Internal

mozafarbagai
(QD Bavai) Szarrevt Mozafav-Vaqrl, who
vociferously supported Eqbal Govt during elections and re-
cently attacked new PM Sharif- Emami, arrested Sept 13
charged with activities contrary interests of country. In
press release reporting arrest, Baqai's recently formed
Guardian' of Freedom Organization also attacked.

Election activity at standstill as Commission con-
tinues revision electoral regulations. (UNCL)

Comment: While Shah has gained temporary respite,
following voiding elections, appears basic decisions re lee-
way be allowed opposition elements in new elections not yet
taken. Although Baqai has come very close incitement public
disorders and may represent special case, further arrests
are possibility. (CONFIDENTIAL)

2. GOI-IMF consultations successfully completed

GOI successfully completed consultations with
IMF team September 12 with signature agreement CE Principles
and Details Stabilization Program. On basis this agreement
IMF team indicated willingness recommend to governors that
fund grant substantial balance payments assistance to Iran.

With foreign exchange coffers virtually empty
GOI also took steps this week to obtain 5 million pound

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sterling advance from Oil Consortium on October 15 oil payment. Also negotiating six million pound sterling loan UK banks based on 12-month pledge part Iranian gold reserves. (CONFIDENTIAL)

Comment: Despite retrenchment involved Stabilization Program, foreign exchange cited above and tentative \$37.5 million drawing IMF, Bank Melli estimates foreign exchange shortage through calendar 1961 will approximate \$30 million. Apparently GOI hopes cover this by means two-year standby credit to be obtained from Consortium US-European Banks against oil revenue pledge. (CONFIDENTIAL)

3. Oil developments

Number oil industry developments this week of potential importance. Discussions Baghdad oil conference continuing with indication some form cooperation among oil producers will materialize in respect to pricing policies International Oil Companies. Seemingly designed create better atmosphere this conference Shell announced its prices would be raised to level British Petroleum. Since BP and Shell largest takers Iranian oil, Consortium sources believe BI scale will prevail. Potentially disruptive element introduced into picture by Radio Moscow broadcast renewing offer aid Iranian oil industry. (CONFIDENTIAL)

Comment: Unlikely GOI would be interested Soviet involvement exploration field but aid pipeline construction and development Sarajeh Gas might appeal some Iranian quarters. (CONFIDENTIAL)

B. Iran-USSR

(1) Return Sov Amb Pegov

Sov Ambassador Pegov returned Tehran Sept 15. Quoted as saying bringing "peace and friendship", but refused further comment State Iran-Soviet relations. (UNCL)

Comment: Pegov's return part of moves both govts explore possibility improvement relations following Eqbal resignation. (OFFICIAL USE ONLY)

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2. Psychological

A. Press

(1) Elections

Scant comment small papers only confined largely to question Women's Voting Rights, occasioned by Women's "March" on Senate. One paper favors vote, but two others say wait, Sedaye Mardom stating we have yet to achieve this right for men; "Right can be called a right only when it can be exercised."

Comment: Election coverage expected largely die out until new election developments closer.

(2) Import duties increase

Heavy comment guardedly favorable, especially as regards presumed motivation increase, namely to halt foreign exchange losses and promote growth home industry. Many papers, however, warned general inflation not unlikely, Keyhan stating in practice no sooner is duty raised on lipsticks than manure price rises. A few papers critical new govt for not taking measures prevent inflation. Kushesh criticizes whole action as economically unwise; if government wished to restrict import non-essential items, why not ban them. If objective further revenues, there are better sources. As for home industry, Ettelaat feared drop quality as result absence competition.

Comment: Considerable opposition expressed by merchants, especially to retroactive aspects new regulations; protest meetings held in Bazaar.

(3) Oil

Though price rise still much in public consciousness as result front page stories Baghdad meeting, comment light except for continuation protest barrage from Peygane Emruzi. Keyhan, Sedaye Mardom blasted Imperialism Western Oil Companies, former claiming oil producers if United can defeat Western exploiters.

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(4) Iran-USSR

Abundant hopeful comment mostly on one theme: Iran always anxious improve relations any country, especially USSR, provided her rights respected; if no improvement earlier, fault is Soviets. Though Jahan warns against dangers playing politics with USSR and Toju is suspicious, only Farman remains negative, saying friendship with USSR has never had good results, and Iran should not forget Soviet System based on hypocrisy, tyranny, etc., and "with such a government words like...friendship... hold no value."

(5) Latin America

Three editorials Ettelaat praised U.S. for Marshall plan for Latin America, also U.S. stand against Trujillo. State Department no longer conservative; Eisenhower Administration has taken revolutionary steps; change U.S. policy since Korea encouraging. U.S. realizing cannot rely only on Atom bomb to oppose Communism; also important is public opinion underdeveloped peoples.

(6) Congo

Lumumba behavior criticized by Ettelaat; dangerous for future of Africa, playing into hands unrestrained Soviet ambition. Keyhan in Humdrum summary events managed criticize U.N. for ineffectual action, for opposing Lumumba.

B. Radio

Radio Iran morning and afternoon Anti-Communist programs in effect ceased during week; on 15th Morning Hour carried commentary extending hand of friendship. Evening answers to Radio Moscow dropped, now with explanation Radio Moscow no longer broadcasting anything to answer.

Radio Moscow, NVI

Radio Moscow continued recent tack stressing possibilities improving Soviet-Iran relations and attacking

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Imperialist, Oil Monopolists, Reactionaries for opposing reproachment. Iranian comments favorable to improvement relations quoted out of context, giving impression most political observers favor Iran adopting policy neutralism. Pointed out alleged benefits neutralism, withdrawal from Centon increased trade with USSR. On occasion opening Baghdad oil conference expressed USSR willingness assist Iran in development oil industries. Said USSR would not expect any benefit from such aid.

NVI attacked Sharif-Emami Govt as maneuver to disguise plans against fraudulent elections. Cited arrival "Imperialist" American Trade Mission as showing new govt pursuing same ruinous economic policies. Did not comment Soviet-Iran relations but continued theme Iran situation can improve only when Nationalist Govt gains power.

Comment: Divergence still noted between Radio Moscow, NVI attitude toward Sharif-Emami Govt. (WEEKA 36) (OUO)

3. Military

A. Army

(1) Retirements

At own request 31 general and flag officers recently ret red from military service in accordance with Art 71, Armed Forces Employment Law (Joint MSO 19). (UNCLASSIFIED)

Comment: Although report stated officers retired upon own request, retirements may be result Shah's orders that officer cadres be revised to conform with posts actually existing, thereby reducing numbers of excess senior officers. (CONFIDENTIAL)

B. Navy

(1) Retirement

Vadm Shahin Cinc lin being

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retired this month. Radm Rasaii, currently Chief of Conscription, is slated replacement. (UNCLASSIFIED)

C. Air Force

(1) Retirement of Gen Eshtodakh

Maj. Gen. Issa Eshtodakh, Dir. Gen. of Civil Aviation, was among the two officers retired 11 September 1960. Brig. Gen. Akbar Shahshani, recently returned Iranian Air Attaché to U.S., is mentioned as probable successor position of DGCA.

Comment: Both individuals are strongly Pro-American; rumored succession would be favorable one. (UNCL)

ACTION: ACSI

INFO: DCSOP, CA, OSA, JIG, OSD, AF, NAVY, STATE
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JW 37

SEP 60

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Correct page 1 lines 4-7 to read as follows:

(1) Baqai's Arrest

Mozafarbaqai, who vociferously opposed Eqbal govt
during elections and recently attacked new PM Shafiq-Emami,
arrested Sept 13 charged with activities contrary interests
of country.

NOTE: Corrections underlined.

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FROM: SANA TEHRAN IRAN

TO: DA WASH DC, CINCUSAREUR HEIDELBERG GERMANY,
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FRANCE, CINCNELM LONDON ENGLAND, USDOCOSOUTH,
COMFAIRFIM, USAFF LINDSEY AS GERMANY, COMDR 17 AF
RAMSTEIN AB GERMANY, CDMDR 2D ADIV DHAHREN AFLD
SAUDIA ARABIA

NR: 240430Z JW 38

SEP 60

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SGD WAILES

1. Political
A. Internal

(1) Ambassador's meeting with Shah. In Sep 20 meeting with Ambassador Shah said he intends restrict talks with Sovs to discussion cessation propaganda broadcasts, relaxation tensions. Stated he not concerned effect of broadcasts, in Iran but felt US should have given Iran clandestine radio in order reply. Further said perhaps more worried bad effect western press than Soviet propaganda.

On stabilization program Shah said Iran prepared go beyond IMF requirements but this would mean greater reliance on US aid. Re military aid he urged quick decisions, hopefully for greater assistance.

On elections Shah stated still undecided whether to be held near future or next spring though he favored former. He said should not expect too much from election reform committee as new law is required. Stated further that while he prepared grant as much freedom as possible, subversives would not be allowed participate elections. (SECRET)

(2) Resignation Mardom Sec Gen. Mardom party leader Asadollah Alam resigned his post Sep 20 saying he needed rest and party needed better prepared, more able leader. Dr. Yahya Adl, Senator and close friend of Shah, temporarily appointed new SecGen. (UNCLASSIFIED).

Comments: Alam's resignation probably first step attempted rehabilitation two official parties which completely discredited as result cancelled elections. Alam recently has been criticized severely both within and without party for his part in election fraud. (CONFIDENTIAL)

(3) GOI delegation IMF meeting. GOI delegation late September in Washington will be headed by

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PAGE 2

FinMin Zarqam and Central Bank Governor Kashani. (OUO)
Comments: in bid for support international financial community, Kashani intends describe GOI effort square away economy in address full assembly and corridor conversations. (OUO)

(4) Baghdad Oil Conference. Kayhan International Sep 19 published interview Alfonso Perez, Venezuelan Oil Minister, visiting Tehran after participating Baghdad Oil Conference. Perez quoted as saying conference agreed to proposal for export quotas "if necessary" keep prices up. Also said this agreement as well as protest against 50-50 profit-sharing would appear in Baghdad Communique to be released 24 Sept. (UNCLASSIFIED)

Comment: Iranian press recently following extremely Nationalistic policy on oil and Kayhan may have slanted Perez remarks. Reaction Iranian delegate to quota proposals not yet known. (CONFIDENTIAL)

(5) Stabilization program developments. Effects stabilization program being felt public and private sectors Iranian economy as result budgetary cuts, credit restrictions, higher import duties and restraints foreign exchange availabilities. (OFFICIAL USE ONLY)

Comment: Substantial belt-tightening undoubtedly creating strains. Definite need for govt explanation mechanisms and objectives stabilization program. However, govt considers hands tied until IMF governors approve GOI application for stand-by credit. (OFFICIAL USE ONLY)

(6) Additional Karaj Dam fatalities. In course last ten days two laborers were killed at Karaj Dam. According GOI this brings total deaths to 43. (OFFICIAL USE ONLY)

Comment: Latest fatalities have deepened GOI resentment against Morrison-Knudsen International. Dismal MKI safety record becoming political liability for GOI and US. (CONFIDENTIAL)

2. Psychological

A. Press

(1) Import duties increase. Though mostly

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conceding economic necessity-new commercial taxes, papers continue deeply worried about profiteering and resultant inflation; some criticizing central authorities for lack foresight, disorderly economic thinking, failure to plan. Mehre Iran states "A worthwhile job is being done badly".

Comment: Public attitude not helped by Bank Mellî announcement further substantial rise cost of living.
(OFFICIAL USE ONLY)

(2) Oil. Baghdad Conference hailed as victory of Iran, since Shah's criticism price cut seen as motivating force in unity movement. Esso revision price cut considered result pressure of producers.

(3) Shah. Papers dutifully noted 19th anniversary Shah's accession to throne, lauded progress Iran since then under his wise guidance.

(4) Iranian students abroad. Ettela'At currently running series on a favorite subject, why foreign-educated technicians don't come home. Analyzes problem all angles, presenting ideas of various authorities and parents.

Comment: This problem persistent irritant for authorities, also for middle class element which cannot afford send children abroad and blames exodus in part for failure Iran progress faster, though many educated Iranians hard put to blame student to stay, especially in US.

(5) Iran-USSR. Several papers continue encourage trend improve relations provided mutual respect observed. Iran MA recalls friendliness toward Iran of Lenin, Stalin, who at time Tehran conference was only leader bothered call on Shah; laments that "Beria Regime" and Tudeh traitors brought deterioration relations. Farman, however, firmly pledges continue its struggle against those who trampled on Iranian national rights for two years. (UNCLAS)

Comment: Big papers, Keyhan and Ettela'At, left topic untouched. (OUO).

(6) UN general assembly--Congo. Most comment this week supports UN and SYG. Ettela'At said Hammarskjöld only man who can make UN effective world power, should be fully supported, given full power. Tolu noted real question before UN is not Congo confusion but "imposition of will of certain power" on UN. It not Lumumba who opposes UN but strong hand working behind him. Farman echoed. This week

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Keyhan's humdrum summary avoided criticism in (WEEKLY 37). Ettela'at opined Khrushchev et al. Attendance designed secure loyalty new African nations, predicted pitched battle between US, USSR.

Comment: As general rule public opinion Iran strongly Pro-UN. Though critical on occasion when chips down, support revives.

B. Radio

(1) Radio Iran continues cautious but hopeful tone. Reviewing Iran's long peaceloving history and help given USSR in WW-II, tactfully remind USSR postwar intervention Azerbaijan resented. Khrushchev October 1958 speech on peaceful coexistence frequently quoted.

Comment: Like most papers, not sticking neck out very far.

(2) Radio Moscow, NVI. Radio Moscow attacked critics of proposed improved Iran-USSR relations. Cited Afghanistan Finland as examples peaceful coexistence. Quoted Reza Shah as saying Iran friendly with free Russia that overthrew Tzarist regime, caused Russia's neighbors also be rescued from opposition, freely returned all concessions obtained by Tzarists. These days also majority Iranians demand peace, friendliness with USSR. Only aggressive imperialists, corrupted elements, stooges like Eqbal, adventurers ousted from Caucasus oppose better relations.

NVI broadcast "news" large number people arrested Savak in Tehran, provinces. Another broadcast stressed alleged drop in wages during Eqbal tenure. On UN stated upcoming session most crucial in history. Western countries have turned UN into their tool, but UN soon will achieve its independence. (UNCLAS)

Comments: Radio Moscow' favorable mention of Reza Shah, who long anathema to Soviets, indicated for time being they willing to woo Pahlavi Dynasty. (LIMITED OFFICIAL USE)

3. Military

A. Army

(1) Promotions. Annual IIA promotions announces effective 20 Sep include 5 Maj Gens to Lt Gen, 12

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Brig Gens to Maj Gen and 40 Colonels to Brig Gen. New Lt Gens are: Reza Azimi, Dep CG, ground forces; Esmail Riahi, J-1, SCS; Wolam Hosein MAFA, J-5, SCS, Ohamat Taqi Majidi, CG V Corps; Abdol Majid Nasrollahi, CG, IV Corps. (OUO)

Comments: With new promotions, anticipate reassessments in command and staff positions. Promotion for officers below grade of Col not announced as of this date. (OUO)

B. Navy

(1) Promotions. RAdm Rasai slated to take command of IIN promoted to VAdm. Persian Gulf Flt Commander Capt Safavi graduate of US Naval War College promoted to RAdm. (UNCLAS)

C. Air Forces: Negative.

ACTION: ACS I

INFO: DCSOP, CA, OSA, JIC, OSD, AF, NAVY, STATE

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ARABIA

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JOINT WEEKA 39

SEP 60

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SGD WALES
1. Political

A. Internal

(1) Shah's Press Conference

At Shah's monthly press conference Sept 24 key items discussed were Iran-Sov relations, elections, status political parties and oil. On USSR Shah stated friendship with Soviets basic part Iranian foreign policy, but not worth price infringement Iran's sovereignty. Re elections said they will be held as work electoral committee completed. He reaffirmed belief two-party system, but said this does not mean person must be party member to be elected or that other parties cannot be formed. He suggested independents might form third party. On oil said work of Baghdad conference should be continued through consultations among oil producing countries with view to unifying policies. (UNCLASSIFIED)

(2) PL-480 Agreement Amended

Amb September 26 exchanged letters with Min Customs amending PL-480 agreement of July 26. Amendment covers additional 200,000 MT wheat; 70 percent funds generated by wheat sales available development loans in Iran. (UNCLASS)

Comment: Generated loan funds represent important aspect stabilization program and effort close financing gap second seven year plan. (UNCLASS)

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B. Iran-USSR

Sov Amb Pegov called on Shah, PM during week.
Nature of conversations unknown. (UNCLASS)

2. Psychological

A. Press

(1) Oil

Comment continues same lines, hopeful unity
achieved Baghdad will prevent further unjust unilateral
actions oil companies. General tone still bitter, Poste
Tehran noting Consortium's promise of no drop in total
income insufficient since it had promised annual increases.
Jahan notes real solution is for Iran to learn to market
and distribute oil itself, eliminating dependence on oil
companies. (UNCLASS)

(2) Stabilization Program

Most comment still approves new commercial
taxes in principle, though some papers criticize govern-
ment for letting situation get out of hand, and many still
worry about improper price rises. FinMin's pledge to
balance budget without oil revenues nailed, though with
some skepticism and considerable lack of understanding.
Azhang insists such a budget impossible. (UNCLASS)

Comment: Most of press bravely trying to see
necessity for belt-tightening, but no faith Government
really able control price levels. Questionable whether
present restrained attitude will survive price rises
almost certainly coming. (OFFICIAL USE ONLY)

(3) Iran-USSR

Continued innocuous comments on Iran's
desire for peaceful relations its neighbor modified this
week as several papers took up cudgel against NVI. Senator
Massoudi writing in Ettelaat, after noting he had given

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instructions his papers top printing anti-Soviet materials, criticized radio Moscow for not silencing its "Satellite". Azhang noted that although Soviets deny any connection with radio Moscow's bastard child...everybody knows this harsh voice comes from behind caucasian mountains". Farman continued negative on whole deal. (UNCLASSIFIED)

Comment: Editor of Jahan in recent conversation stated he, acting as personal press advisor to PM, had conveyed to press in general PM's desire papers lay off Iran-USSR question as PM planned no action till FonMin's return and did not want apple-cart upset. This not issued as order through Savak, however, and obviously many papers have chosen to ignore. Azhang earlier suspended for one day to satisfy Russian complaints re printing of undignified picture of Pegov. (OFFICIAL USE ONLY)

(5) UNGA

Most comment continues hopeful, though perennially anti-Soviet Farman protests we never know whether Khrushchev is speaking truth or meaningless propaganda, and under such circumstances no settlement possible; Vazin opines big-power conflict makes settlement unlikely. In three editorials Ettelaat strongly supported Hammarskjold, noted Khrushchev attacks resulted in Fiasco, suggested Soviet failure in Congo had upset mental balance of Soviet leaders. Said in past pre-dominance pro-West nations in UN kept it from being effective force; but now "UN lives in one of its busy periods" because of growth through entry new states. Now uncommitted nations form strong buffer between blocs, will convert UN to effective organism. (UNCLASSIFIED)

B. Radio

(1) Iran-USSR

Radio Iran continued daily hopeful early-morning commentaries with little change in theme. Last week began bringing up CENTO, suggesting it need be no bar to friendly relations. (UNCLASSIFIED)

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(2) Radio Moscow, NVI

Radio Moscow gave general coverage subject Khrushchev and UN, stressing demands for disarmament, independence for colonial, semi-colonial countries, cessation espionage flights. Issues carefully related Iran. For example, disarmament would free Iran from economic entanglements, remove debt burden, cause improvement standard living. Iran exploited by American, European monopolists. Americans swarm over Iran, treat Iranians snobbishly, pay lower wages for same work. Aggressive American flights flagrantly violate Iranian sovereignty, cause danger retaliation. (UNCLASSIFIED)

NVI continued severe attacks on Shah, Government. Said Pahlavi court virtually abolished Parliament, does everything possible render Legislature impotent. Political parties in hands Shah. Shah, Eqbal equally to blame for bad elections. Government will never change methods, relax control over elections. Iranian intellectuals who disillusioned with parties should abandon idea reforms can come from top. No real change possible without overthrow "Coup D'Etat" regime, reform from bottom up. Shah, foreigners have no alternative but give Iranian nation what rightfully belongs to it.

Comment: Continued divergence between approaches radio Moscow, Soviet-controlled NVI causing some resentment at time when improvement Iran-Sov relations being attempted. (See A.3. above) (LIMITED OFFICIAL USE)

3. Military

A. Army

(1) Border Guard Reorganization

Although details not firm, plan envisages 11 independent battalions under administrative and logistical control of Corps Commanders, operationally controlled by Border Guard Section J-2. Border Guard units being replaced by Infantry Companies of Corps concerned until Border Guard personnel trained and equipped. (CONFIDENTIAL)

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Comment: Reorganization apparently slowed and confused as result lack definite plan. (CONFIDENTIAL)

(2) Inspection of GF Units by Gen Hejazi

Gen Abdol Hossein Hejazi, CG, Ground Forces, plans to visit II and III Corps areas Azerbaijan early Oct. For purpose of inspecting units and defensive positions. (CONFIDENTIAL)

Comment: Hejazi apparently taking active interest all aspects his job, which tends to negate rumors his assignment only temporary. (CONFIDENTIAL)

(3) New Assignments

Col Abdol Majid Masumi-Naini assigned Mil Attache to Iraq. Expected depart Iran for Baghdad in two weeks. Maj Gen Rostam Nozari, C of S, Ground Forces, reassigned V Corps Vice Maj Gen Ali Khan Fuladvand retired. Brig Gen Sadigh Pasha Ekhtiar, Chief, Traffic Dept, returned to Army; new assignment unknown. Brig Gen Nezamedin Vaghari assigned Chief Sig Dept Vice Maj Gen Ali Reza Gharib retired. (CONFIDENTIAL)

Comment: Routine reassessments. (UNCLASSIFIED)

(4) Promotions

Following promotions to General Officer rank announced after publication of original promotion list (WEEKA 38); to Lt Gen: Azizollah Kamal, CG, VI Corps; to Brig Gen: Ahmad Mogharabi, Supply Plans Section, J-4, SCS; Mohamad Moheidin, Chief, Budget Br, J-5, SCS; Nosratollah Salahi-Arab, Pres. Primary Court Nr. 2, Justice Department. (UNCLASSIFIED)

B. Navy - Negative

C. Air Force - Negative

ACTION: ACSI

INFO: DCSOP, AF, STATE, OSA, JIG, OSD, NAVY

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OCT 60

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SGD WAILES.

1. Political

A. Internal

(1) Cabinet changes

In cabinet shifts announced Oct 5 Dr. Isa Sadiz named MinEduc, Dr. Ali Asqar Pur-Homayun appointed MinCommerce, Eng. Abdol Hasan Behnia designated MinRoads. Sadiz is ex-Senator who three time previous MinEduc, is pro-American favorable to American Educational system. Pur-Homayun briefly Min National Economy Zahedi cabinet, now professor Tehran Univ. Behnia primarily technician with considerable engineering but little administrative experience. (OUO)

Comment: Ex-Min Educ Mehran had been on way out for some time, barely escaped being replaced at time Sharif-Emami govt formed. MinCommerce portfolio previously held by Deputy PM Mohamad Sajadi, who said to have handpicked Pur-Homayun, presumably will control him. Replacement MinRoads Ansari with technician Behnia in keeping with non-political role being assumed by Sharif-Emami govt. (Limited Official Use)

(2) US-GOI loan negotiations.

US team headed by asst. SecState Edwin Martin scheduled arrive Tehran October 7 for loan negotiations with GOI. (U)

Comment: Successful completion second development plan dependent obtaining approximately \$80 million external assistance. Stabilization program assumes financing gap will be covered. GOI thus setting great store on Martin mission and serious disillusionment expected if negotiations not fruitful (C)

(3) German industries exhibition

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Oct 4. German Vice Chancellor Erhard in opening address emphasized German intention offer more economic aid under-developed countries like Iran, recommended small and medium-sized industrial projects and cautioned against large-scale ~~symbolic projects of up-mentioned economic feasibility.~~ (U)

Comment: Erhard remarks interpreted here to mean German govt not enthusiastic about steel mill project. German exhibition is largest, best organized National Fair ever held in Iran, is likely increase German economic activity here. (OUO).

(4) GOI requests West German financing assistance Prime Min Sharif-Emani this week discussed with Vice Chancellor Erhard possibility German financing assistance for third plan development projects. (OUO)

Comment: Discussions preliminary in nature. PriMin outlined anticipated foreign financing requirements of third plan scheduled begin fall 1962 and expressed hope arrangements could be made with West German and other industrial countries for coordinated assistance similar to Indian program. As anticipated by Iranians, Erhard apparently sympathetic but non-committal. (OUO)

(5) U.S. trade mission ends tour U.S. trade mission which arrived Sept 11, completed tour Oct 3, having visited Tehran, Tabriz, Khorramshahr, Shiraz, and Isfahan. Mission received warm welcome these cities. Met scores of Iranian businessmen in private consultations. Mission now preparing report and will leave Tehran this weekend. (U)

2. Psychological

A. Press

(1) UN-US-USSR

Several papers worried east-west conflict, Khrushchev attacks had weakened confidence in UN. Khrushchev directly or indirectly disapproved by several, some accusing Khrushchev using UN for propaganda. Basically, however, comment strongly Pro-UN, Ettelaat noting UN is only hope for new nations, since they do not wish to become involved either Bloc in Cold War. Ettelaat, Keynab hoped for Eisenhower-Khrushchev meeting, though latter noted since President on way out only result would be solve present UN crisis. Ettelaat claimed both want peace. Also stated Khrushchev's aims were to control UN, Eisenhower's to strengthen it.

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Omide Iran stated UN power struggle intensified by Soviet defeat US in space race, great resultant rise Soviet prestige. Ettelaat predicted membership for Communist China must eventually come. (U)

Comment: Though editorials tended favor western position in UN, fact remains Khrushchev fist-thumping, not Macmillan's arguments, got headline attention. (U)

(2) Iran-USSR
Medium-heavy comment with no change in themes. Radio NVI still attacked, especially by Ettelaat. (U)

(3) German industrial exhibition
Opening noted by many papers, which recalled long history cooperation and friendship, assistance rendered Reza Shah, with some comparing rapid postwar reindustrialization Germany with slowness Iranian progress. (U)

Comment: All papers obviously hopeful of German help, Keyhan so much so it used frontpage news article to speculate whether aid would be for medium or small industries and to regret Dr. Erhard was vague. (U)

(4) Commercial taxes
Several papers still expressing fear rising prices. Tolu frankly recognizes that given small shop no-fixed-price system there is not much government can do (U)

B. Radio

(1) Radio Moscow-NVI

Radio Moscow stressed issue improvement Iran-Sov relations. Shah's concern over possible infringement sovereignty Iran answered by pointing out USSR never source danger to Iran, always follows policy peaceful co-existence. Said Iran caused present strained relations by breaking off 1959 negotiations, signing bilateral pact with U. S. Iran should abandon foreign military bases which are grave danger to world peace. Without this action, it hard to see how amicable relations possible. Now is time for deeds not words. Unfortunately, so far nothing but words from Iran where reactionary circles attempting create pessimism, sabotage efforts improve relations. Reactionaries acting in name aggressive western powers, which apprehensive about Iran-Sov friendship.

Radio Moscow Sept. 30 program devoted 11th anniversary Chinese People's Republic. Said China now first class power which gives economic assistance many countries,

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PAGE 4

and is recognized by 36 countries including Pakistan. Iran should follow suit.

NVI in wide-ranging commentary discussed need for free elections, Mardom party involvement election fraud, illegality all Majlis decisions taken since 1953, economic chaos, unemployment, high cost living, pitiable living condition teachers. Concluded only solution is overthrow "Regime of Coup d'Etat". (U)

Comment: Radio Moscow tone stiffer, perhaps showing first signs impatience with cautious, noncommittal approach taken by Iran to date. (C)

3. Military

A. Army

(1) Officer graduation

At joint exercises 1675 cadets received commissions 3 Oct: 535 2d Lts. Mil academy: 424 3d Lts, Mil Univ; 418 3d Lts. Inf center; 100 3d Lts, Armd-Cav center; 198 2d Lts. Police officer college. (U)

(2) Gen Palmer visit

Gen Charles D. Palmer, CG USEUCOM, scheduled visit Tehran 12-16 Oct. (OUO)

Comment: Purpose is to visit IIA units and Armish-MAAG. (OUO)

B. Navy: Negative

C. Air Force

(1) New DGCA

Mr. Houshang Arbabi appointed new director general civil aviation, replacing General Eshtodakh. (U)

Comment: Arbabi is typical "yes man" and appears that IIAF will have free hand at Mehrabad and civil aviation in Iran may suffer. IR follows. (C)

(2) Shah cancels Viscount contract

Contract cancelled for Viscount 812 ordered for Shah's personal use and financed from public funds. Vickers aviation will charge stiff cancellation fee. (S)

Comment: Shah wishes avoid publicity time of general budget stringency. (C)

(3) F-86 inventory

IIAF received final two F-86s making total of 26. One F-86 involved in accident two months ago still grounded. (C)

ACTION: ACSI

INFO: DCSOP, CA, OSA, JIG, OSD, AF, NAVY, STATE

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SANA TERRAN IRAN

TO:

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PARIS FRANCE, CINCNELM LONDON ENGLAND, USDOCO
SOUTH, COMFAIRELM, USAFE LINDSEY AS GERMANY,
COMDR 17 AF GERMANY, COMDR 2ND ADIV DHARHAN SAUDI
ARABIA

NR: 140830Z

JW 41

OCT 60

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SGD WAILES.

1. Political

A. Internal

(1) PM's talk with Amb

Amb said he would "cut off right arm" rather than agree to political concessions to USSR which would infringe Iran's sovereignty. On elections PM said wished get Senate elections out of way then worry about Majlis. Said he favored free participation by independents so long as not Tudeh members. Stated govt's financial program going well and he happy State-DLF-Exim bank group here. Re Afghanistan said he hoped visit Kabul, believed solution possible Helmand River dispute on basis prior engineering studies, construction necessary dams. After construction question of water flow could be solved. Suggested Iran might present Afghanistan package deal including trade, railway connection from Meshed, supply petroleum products, use of port of Chahbahar. (S)

(2) Shah's Senate speech

Shah opened Senate Oct 6, made following points: Iran determined remain loyal political commitments including CENTO: CENTO purely defensive pact based on UN charter; recent elections voided because election law defective and because certain malpractices had occurred next elections to be held soon after special review committee completes work; action taken prevent recurrence recent unilateral oil price cuts, including protests to oil companies and convening Baghdad oil conference; great progress made in economic development and future economic programs to be conducted with greater speed, determination, with agricultural development a major objective; numerous progressive economic,

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social, judicial reforms have been adopted and every effort being made make them effective (U)

Comment: Shah's remarks on foreign policy believed be pointed public reminder to Soviets Iran not prepared give up western ties to obtain rapprochement. Since this directly counter to presumed Soviet condition Iran abandon CENTO, US bilateral commitments, efforts achieve rapprochement may soon reach impasse unless one side or other makes significant change in position. (C)

(3) Release Mozafar Baqai (Weeka 37)

Baqai released Oct 6. Newspapers report he confined Tehran area pending final disposition case. Baqai told Emb officer his arrest unjustified and he planning continue activities as before. Said if next elections not conducted properly, he once again will participate vigorously (C).

Comment: While case officially pending, Baqais release suggests government planning use soft approach for time being. (C)

(4) Iran-Japanese Economic Agreement
Agreement signed 11 Oct provides for expanded trade, \$30-million Jap loan 8-10 year terms to private Iran industrialists for import Jap equipment, and future negotiations treaty amity, friendship and commerce. (U)

Comment: GOI feels it has scored triumph, hopes loan will stimulate similar offer West Germans. (OUO)

2. Psychological

A. Press

(1) UNGA

Most papers commenting critical Khrushchev for using UN for propaganda, trying to scuttle it, lack good will, etc. Again several papers strongly supported Hammarskjold, including Ferdowski which, however, claimed failure scuttle Hammarskjold Khrushchev's only failure, listed nine "successes", including placing onus on President for failure meet with Khrushchev, creating impression it is west which does not want disarmament, arousing uncertainty about western strength. Ettelaat commended Hammarskjold on his "heroic fortitude", saying neutrals would made gross mistake if they accepted Khrushchev proposals as UN would die slow

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death. (U)

(2) Iran-USSR

Very light comment, same themes. (U)

(3) Communist China

Keyhan notes decreasing majorities opposing Communist China entry UN, opines next year it will get in. Iran MA thinks recognizing China would hurt neither Iran nor US, notes whatever criticism we may direct at Communist China, revolution was internal and government is truly representative. (U)

Comment: Public in general not interested this question. (U)

(4) Inflation

Heavy comment continues, with majority opinion now that government cannot effectively control situation. Farman wonders if government really bent on fighting price rises. Among those noting failures this respect of past govt's is Keyhan, which states govt must first obey law itself, controlling prices its own monopoly stores, (else no hope, as will only confirm general impression that laws are made only to oppress he weak. (U)

(5) Cabinet changes

Most comment cautiously optimistic, though considerable criticism Dr. Sediq as too old, appointment indicating unwise neglect of young intelligentsia. Several papers delighted at exit Dr. Mehran. Ettelaat. However, underscores magnitude of problem facing any Education Minister, notes even if entire national budget devoted this problem it would not suffice. Re new Commerce Minister papers demand careful economic planning; Iran must know exactly where she is going (U)

(6) German Industrial Exhibition

Still drawing considerable comment, same themes: Remarkable recovery Germany after war no probability Germany will aid Iran's development, though everybody vague on what "aid" means. ZY Hands speculated German example might inject some vigor into Iranian spirit.; Ettelaat endorsed Erhard's idea of concentrating on medium and small industries; next day noted exhibition itself demonstrated no country could progress without steel and petro-chemical industries even though establishment costly. Gates claimed Iran "needs no guardian to tell her what to do", said Iranian leaders present heard Erhard suggestions silently

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only out of respect for Iran-German friendship (U)
Comment: Papers appear uncertain how to react
to Erhard's implied disapproval WNA steel project. Individual
Iranians impressed by variety, quality goods shown.

B. Films
About two weeks ago Savak quietly began
granting permits for commercial showings Russian films.
One now showing three Tehran theaters. (OUO)

C. Radio Moscow, NVI
Radio Moscow attacked Iranian UN Del for
voting against admission Red China, said delegation had
exposed itself to scorn and had shown it was not for justice,
peace, and will of nation but instead carried out orders of
imperialist American other programs attacked politicians
and American exploiters in Tehran for destroying independence
of country endangering peace. Defeat, public disgrace predicted
for reactionaries. (Atmospheric conditions limited reception)
(U)

NVI took aim on foreign policy issue, particularly
in programs following Shah's Senate speech. (See I A (2)
above). Shah's reaffirmation Iran's loyalty to CENTO, other
international commitments after those who mistakenly
believed "coup d'etat regime" could release Iran from
captivity military pacts said Shah continuing adventurous
policy in foreign, domestic affairs and not ready give up
old policies that brought misfortune to country. Only
overthrow of regime can destroy military pacts, bring about
necessary changes in foreign internal and affairs (OUO)

Comment: Radio Moscow apparently maintaining cool
but not directly offensive tone noted last week. (Weeka 40)
NVI, however, for first time since fall Eqbal govt attacked
Shah's foreign policy, concluded no hope for change while
present regime in power. Since NVI under direct Soviet
control, present line probably warning what Shah can expect
if present conversations with Russian break down (C).

3. Military

A. Army

(1) Reassignment general officers

Oct: Lt Gen Esmail Riahi, J1 SCS to 1st Deputy SCS; Lt Gen
Gholam Hossein Vafa. J5 to 2d Deputy SCS; Maj Gen Ghol Reza

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Azhari, Comdt Mil Univ to COFS Ground Forces; Maj Gen Mohamad Fazeli, CG 1st Div to Comdt Mil Univ; Maj Gen Morteza Khosravani (AF), air deputy J4 to J5; Maj Gen Nasrollah Khoshnevisan (AF) personnel SFC SCS to J1; Maj Gen Seyed Ebrahim Mobayan, CG 6th Div to CG 5th Div; Maj Gen Abutorab Sardadvar, CG 12th Div to CG Ground Forces; Brig Gen Said Motamed-Kordestani, CG 10th Div to CG 12th Div; Brig Gen Ebrahim Zohdi, CG 5th Div to CG 6th Div; Brig Gen Javad Aminzadeh, Deputy Comdt Mil Univ to CG Armd-Cav center. (U)

(2) New mil attaches
Col Mazhar Uzer, New Turksih MA to Iran, recently arrived Tehran. Previous assignment CO Mil Intel School, Ankara. Col Sidney J. Watson, UK MA designate arrived 3 Oct. (U)

(3) Iranian officers receive medals
Chinese Amb Nan Ju Wu presented various medals to 10 officers, including Gen Abdollah Hedayat, Chief SCS, Lt Gen Ahmad Vossough, Min War, Lt Gen Abdol Howwein Hejazi, Chief IIA, Maj Gen Mohamad Khatemi, Chief IIAF, Vice Adm Farajollah Rassaii, Chief IIN. At National Day reception 10 Oct. (U)

Comment: Apparently payment for medals presented during recent visit Gen Peng. (OUO)

B. Navy

Negative

C. Air Force

(1) IIAF Day

IIAF Day will be held 17 Oct. USAF will have skyblazers, parachute combat control team, and USAFE volleyball team. All told, 11 USAF aircraft and over 100 personnel will participate. (U)

ACTION: ACS!

INFO: DCSOP, OSA, JIG, OSD, AF, NAVY, STATE

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Azodi returned from UN Oct 15 accompanied by Amb to Russia Masud-Ansari who had been vacationing Europe. Press reported Masud-Ansari expected leave soon for Moscow. (UNCLASSIFIED)

Comment: Speculation that their return would result in further talks with Sov Amb Pegov re improvement relations so far not confirmed. (CONFIDENTIAL)

(4) Coming oil talks
Four consortium operating company reps (two US, one British, one French) coming to Iran for Kharg Island opening 4 Nov. Will remain for informal talks 5-7 Nov with NIOC. NIOC expected make extreme proposals; (A) To base earnings on old posted prices before August cuts; (B) To provide for NIOC financial participation in consortium operations. (CONFIDENTIAL)

Comment: Consortium considers NIOC stands strictly bargaining position and hopes to moderate them by pointing to excellent recent production record, consortium plans for increased investment, and prospect for continuous increase offtake Iran next five years. (CONFIDENTIAL)

(5) Price control efforts
Govt order that merchants affix price tags all commodities in effect Tehran 13 Oct and provinces directed follow suit. In Tehran, 7 roving teams inspecting shops and punishing violators on the spot by fines and closing shops. (UNCLASSIFIED)

Comment: Responsible econ officials recognize this effort fruitless in view basic supply-demand situation which susceptible amelioration in long run only through current stabilization efforts. Govt attempts control prices response-to public pressure for positive action may hurt rather than help govt's public relations. (OFFICIAL USE ONLY)

B. Iran-Afghan
PM told Amb Oct 15 that Afghan Amb seemed pleased with proposed package deal to solve Helmand water

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dispute (WEEKA 41) and promised discuss matter with authorities Kabul. PM also said Shah approved this approach as well as view any figure re water division should be tentative and subject to review after five year observation by experts. Said expects visit Kabul if negotiations indicate likelihood satisfactory preliminary agreement.
(SECRET)

2. Psychological

A. Press

(1) UNGA

Scant comment, small papers only. Two condemned Khrushchev belligerence, attacks on UN, one opined his actions increased Eisenhower prestige, Nixon's chances. Omide Iran felt though Khrushchev failed win over new nations, he did convince world Soviets willing sit at conference table, attempt resolve problems peacefully.

(2) Turkish trials

Ettelaat and two others noted positive accomplishments of accused, warned against vengeance. Keyhan, one other opined criminals deserve whatever they get. (UNCLASSIFIED)

Comment: Normal split between conservative, pro-govt. Ettelaat and "independent", iconoclastic Keyhan. (UNCLASSIFIED)

(3) Iran-USSR

Only two small papers comment, same themes.
(UNCLASSIFIED)

(4) Inflation

Abundant comment continues, little change in themes. Several papers join government call for public cooperation in fight, but proposal persons paying illegal prices be punished roundly criticized. A few papers note real solution not price controls but economic measures to balance supply, demand. (UNCLASSIFIED)

(5) Air Force Day

Three small papers commenting noted public relations benefits, two called for further concerted efforts

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publicize defense capabilities armed forces. (UNCLAS)

(6) US elections

Ettelaat series discussed qualifications all four candidates, strongly preferred Lodge over Johnson; said Kennedy too young; said Nixon would be more energetic President than Eisenhower. Last week Ettelaat had preferred Rockefeller, Stevenson to either candidate. No other papers commenting. (UNCLASSIFIED)

B. Radio Moscow; NVI

Radio Moscow continued attack Iran: political, military, economic ties with U. S. as principal cause disturbed relations. Contrasted American "exploitation" Iran with generous, friendly relations USSR maintains with Afghanistan and number other Eastern countries. Said USSR now trying establish same friendly relations with Iran, including provision of economic aid, but Iranian reactionaries and their American masters raising hue and cry about fictitious danger that this would be harmful sovereignty Iran. In fact, however, it American military advisors who dominate country, trample on national dignity as if they were conquerors, build military bases for their own use which threaten security Iran, endanger peace. Likewise, American monopolists have used Iran-US agreements to flood Iranian markets, causing bankruptcy, closing of factories. To establish good relations with Russia, Iran must show enough courage to remove causes strained relations. Refusal to discuss matter would only indicate Tehran ruling authorities want to continue foreign policy against USSR. (UNCLASSIFIED)

NVI reverted to attacks on specific policies "regime of coup d'etat". Attacked signing of commercial agreement with Japan as further burden on Iranian economy another indication regime following directions imperialists. Criticized stabilization program, particularly attempt fix selling prices. Said if there to be a fight against high prices, profiteering, it must be concentrated on eliminating foreign exploitation and reducing backbreaking military budget. Also attacked plans for establishment municipal councils as ruse to get honest citizens to cooperate with "rotten coup regime". (UNCLASSIFIED)

Comment: Radio Moscow clearly reiterated basic

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Soviet conditions for improvement relations. Firm but cautious tone retained. (CONFIDENTIAL)

3. Military

- A. Army: Negative
- B. Navy: Negative
- C. Air Force

(1) CENTO volleyball tournament
CENTO volleyball tournament ended here with Iran winner. (UNCLASSIFIED)

Comment: Much good will for the U. S. was gained by participation USAFE team. (UNCLASSIFIED)

(2) IIAF Day

IIAF Day 17 October included USAFE Skyblazers, C-130 demonstration, and USAFE precision para-drop. IIA paratroopers dropped by eight IIAF C-47s. IIAF held fire power demonstration using 500 lb bombs, rockets, 50 calibre strafing and napalm bombs. (UNCLASSIFIED)

Comment: IIAF performance was professional throughout. Fire power accuracy was good to excellent. USAFE portion of the air show was outstanding. (UNCLASSIFIED)

(3) IIAF jet accident

Colonel Shahrokhi, Commander Fighter Bomber Wing, dies in a T-33 accident Oct 13 while taking off on a flight to Dezful. Col Niami, Training Wing Commander, has been selected replacement. (UNCLASSIFIED)

Comment: The IIAF lost one of its most competent jet pilots and Wing Commanders. IR follows (CONFIDENTIAL)

ACTION: ACSI

INFO: DCSOP, OSA, CA, JIG, OSD, AF, NAVY, STATE

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AB GERMANY, COMDR 2D ADIV DHAHREN AB SAUDI ARABIA

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JW 43

OCT 60

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SGD WAILES

1. Political
A. Internal

(1) Ambassador's talk with Shah
Amb in long talk with Shah Oct 22 found
him very firm in attitude towards Soviets, whom he referred
to as "butchers" who understand only force and intrigue.
Shah expressed appreciation for firm figure \$19 million
military budget aid given by Amb and seemed pleased with PL
480; the financial stabilization program Shah admitted had
agreed to restoration of budget cuts planned Min War but was
confident budget surplus agreed to with IMF could be reached
through other means (see below). (SECRET).

(2) Stabilization program problems
GOI is encountering difficulties implementing
stabilization program. Agreement with IMF calls for ceiling
three billion rials bank credit expansion this Iranian year
with total increase to go to private sector. Additional two
billion to be provided by means public debt retirement and
subsequent transfer through banking system to private sector.
Bank credit increase already approximates 4.5 billion rials,
leaving little room additional expansion. Individual ministries,
most important Ministry War, resisting budget cuts. If this
continues, increased revenue would be only hope reaching goal
two billion debt reduction. Heavy pressure being exerted on
Central Bank to authorize various projects involving internal
and external borrowing. (CONFIDENTIAL).

Comment: Difficulties implementing program not
expecting fight continues within govt with Central Bank Governor
Kashani and Cabinet reform group insisting on fall imple-
mentation objections to IMN. (CONFIDENTIAL)

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(3) Municipal elections

Min Interior announced preparations underway for holding municipal elections throughout country beginning with Tehran. Decision to hold municipal council elections reportedly base of govt's desire to contact attention from lack of Majlis and provide greater opportunity to dissident educated class to participate in local govt. (CONFIDENTIAL).

Comment: Embassy pessimistic about political benefits to govt unless govt carefully avoids abuses which guarantee defunct Majlis elections of new local councils likely suffer from lack of adequate authority, trained personnel, funds. (CONFIDENTIAL).

(4) PL-480A title II grant

Program for grant 50,000 MT feed grain and 10,000 MT seed grain approved this week. (OFFICIAL USE ONLY).

Comment: Govt very pleased Washington approval request for feed and seed grain. With approach winter need these commodities growing more serious. (OFFICIAL USE ONLY)

B. Iran-USSR

(1) Iranian Amb returns Moscow

Amb Saud-Ansari left Tehran for Moscow Oct 22. Tehran press reported he met Khrushchev Oct 25. (UNCLASS)

Comment: Speculation Saud-Ansari gave Khrushchev Iran's reply to K's latest note probably correct. (CONFIDENTIAL)

C. Iran-Jordan

(1) Visit King Hussein

Shah told Amb that during visit at airport with King Hussein he found Hussein in better frame of mind than month or two ago. Shah said urged Hussein remain firm, avoid precipitation toward Syria or elsewhere. Said told Hussein Saudi Amb in Tehran had indicated Saudis wants improved relation with Jordan. (SECRET)

Comment: Amb reported Shah seemed encouraged relations between Saudi Arabia, Jordan, Iraq were improving, thus reducing pressure on Hussein. (SECRET)

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2. Psychological

A. Press

(1) U.N. Day

Heavy comment unanimously noted U.N. Had not measured up to expectations, but most claimed U.N. only hope for troubled world, called for increased cooperation small nations, strengthening UN powers. (UNCLAS)

(2) Iran-USSR

No comment at all this week. (UNCLAS)

(3) Birthday

Shah's birthday, expected arrival Royal infant, crowded out much other commentary. All noted manifestations of loyalty of people to monarchy, and some delighted Royal baby had brought foreign correspondents at appropriate time to observe this and report to world. (UNCLASSIFIED)

(4) Inflation

Continued heavy comment, same themes. Several papers pointedly applaud new government, Keyhan saying, re price battle, "it is seldom we so unreservedly support a government claim..." Jahan gives "intellectual homogeneity" few government.

B. Radio Moscow

Radio Moscow continued line Iran must adopt policy of neutrality, nonparticipation in military blocs, friendship with all nations in order serve best interest. Repeated earlier charges that setting up of American military bases and presence of US military personnel in Iran bankrupting country, preventing necessary economic development, endangering peace. (UNCLAS)

NVI continued concentrate domestic economic issues including land reform, stabilization program, PL-480 agreements. Said agriculture will not improve until feudal landowner system in Iran changed through land reform. Repeated charge present high prices not fault shopkeepers, instead caused by expenditure billions of national wealth for military programs and economic exploitation by foreigners. PW-480 agreements criticized as blow to national industries.

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Indication Sharif-Emani govt following Eqball's policies.
As usual concluded only solution overthrow of "regime coup d'etat". (UNCLASSIFIED)

3. Military

A. Army

(1) Officer reassessments

Col Ebrahim Motamdi appointed Mil Attaché to USSR vice Maj Gen Nosratollah Surena. Surena reassigned as Deputy J-2 SCS. Brig Gen Gholam Ali Ovesi reportedly replaces Maj Gen Nematollah Nasiri as CG Imperial Guard. Brig Gen Ghasem Baharvand, formerly CG 2d Div, assigned as Chief Personnel Section, SCS. (CONF)

Comment: Nasiri CG Imperial Guard since 1951. Rumored several times in past Nasiri involved in political plotting. (CONFIDENTIAL)

(2) USSR Mil Attaché

Col Gregory Kuzmenkgo, MA to Iran, recently departed for Moscow reportedly on leave for 2-3 months (OUO)

(3) VI Corps anti-Cholera activities

Because of cholera in Afghanistan and Pakistan, all VI Corps IIA units stationed in Iran have been redeployed along Afghanistan - Pakistan border from USSR to Persian Gulf in small detachments approx one kilometer apart to prevent movement any persons into Iran. Patrols also established and villages this area cordoned off by troops. (OFFICIAL USE ONLY)

Comment: Tning VI Corps units will be interrupted for probably 2-3 months. (OFFICIAL USE ONLY).

ACTION: ACSI

INFO: DCSOP, CA, OSA, JIG, OSD, AF, NAVY, STATE

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NR: 040700Z JW 44 NOV 60

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SGD WALES.
1. Political

A. Internal

(1) Crown Prince

With birth Crown Prince Oct 31 trouble-
some problem succession to Iranian throne solved. New Prince
now Shah's legal successor though would require regent if
transfer throne occurred before twentieth birthday. (OFFICIAL
USE ONLY)

Comment: Royal birth has strengthened Pahlavi
Dynasty. Also, genuine enthusiasm which generated Tehran,
elsewhere temporarily has raised Shah's prestige, made in-
ternal position more secure. (SECRET)

(2) Shah's press conference.

In special press conference Oct 29 for
foreign correspondents Shah commented on number internal,
external matters. Said Iran-Sov relations showed signs
improvement but made special point Iran free to follow own
policies, including defense pacts. Said also Iran-Iraq re-
lations improving. Municipal elections to be held first,
followed by senate and later major elections. (UNCLASSIFIED)

Comment: Essentially public-restatement previously
known positions. (OFFICIAL USE ONLY)

(3) GOI requests additional seed wheat grants
GOI receiving growing volume requests for seed wheat from
drought areas. View seriousness situation it has requested

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additional 20,000 MT title II wheat. (OFFICIAL USE ONLY).

Comment: Need exists for additional assistance and Emb/USOM supports GOI requests. (OFFICIAL USE ONLY).

(4) Oil revenue forecast at \$282-million. Associate of Minister Finance Zarqam who accompanied him on recent London talks, says consortium pledges total 1960 oil revenues \$282-million. Consortium sources Tehran confirm revenue should be "about \$280-million. (CONF)

Comment: Now appears 1960 revenues will exceed early Iranian estimates by about \$20-million despite August price cuts. Consortium pledge implies high August-September off take levels to be maintained or exceeded final quarter.

B. Iran-Iraq

AmConsul Khorramshahr confirmed Baghdad and London reports that Ali Moghadam, Dir Office Ports and Navigation, Min Customs and Monopolies, will brief Amb Abbas Aram in Baghdad on Abadan berthing question and Shatt-At-Arab issue generally (WEKA 35). Moghadam has recently briefed PriMin and FonMin in Tehran. AmConsul Khorramshahr expects Moghadam make aggressive presentation. (CONF).

2. Psychological

A. Press

(1) Royal Heir Birth of Shah's son heavily covered by entire press. Editorials unanimously express felicitations and joy. Most papers agree it ensures continuation of monarchy. Etelaat was making papers noting that birth came on anniversary of overthrow of Qajar Dynasty, making way for Pahlavi Dynasty. (UNCLASSIFIED)

Comment: Excepting crowds of curious gathered at hospital, few large-scale public celebrations observed but many scattered spontaneous expressions of pleasure Shah has desired son.

(2) High cost of living High prices and rents and government promises of control measures continue to agitate press. Etelaat recommends consumer boycott of gouging retailers. Most

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papers demand unspecified government action. (UNCLASSIFIED)

(3) Elections

Keyhan urges voters to participate in announced local elections as test of whether or not government will interfere in balloting. Eqlim says wealth should not be sole qualification for candidacy. Jahan believes government will remain impartial. (UNCLASSIFIED)

(4) Cuba

Report that US Marines had landed in Cuba created momentary public excitement until later reports made it clear marines departed after short leave Guantanamo Base. Atesh sees approaching crisis but says trend is against Castro; Cuban masses are dissatisfied.

Comment: While press reaction moderate, public, with Soviet threats in mind, displayed nervous interest in Cuban events.

B. Radio

(1) Iran-USSR

In theoretical discussion of good relations, Iran radio calls for Soviet demonstration of mutual respect, implying Sovs not reciprocating Iran's friendly attitude. (UNCLASSIFIED)

Comment: Iran gov continuing to appeal for "peaceful co-existence."

(2) Radio Moscow, NVI

Radio Moscow repeatedly stressed view Iranian military pacts chief obstacle to improvement relations with USSR. Said most Iranians wish to live in peace with their neighbors but "certain authorities in Tehran" bent on carrying out militarization of country and providing opportunity for anti-Soviet activities in Iran. These authorities working for Americans, who are preparing for war against Russia and need Iran as military base. Thus, serious danger hangs over Iran. (UNCLASSIFIED)

Comment: Same basic line as in recent weeks. (OUO)

NVI greeted news birth of royal baby with statement that "people would like to know whether the Crown Prince

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is Bogus one or not." Claimed radio Tehran announced baby's birth five minutes before supposedly occurred, showing lack of coordination in "Bogus Affairs" child-birth. In other broadcasts concentrated attacks on oil consortium oil agreements, Iran's non participation in Beirut oil conference. (UNCLASSIFIED)

Comment: NVI can be expected continue attempts discredit Crown Prince by intimating he not Shah and Queen's baby. (LIMITED OFFICIAL USE)

3. Military

A. Army

(1) Conscript reduction
IIA recently announced reduction of high school graduate conscripts from 8000 to 3000 for remainder this Iranian year. Remainder 5000 graduates granted interim exemptions. The 3000 will be selected by drawing lots in December. Training-scheduled to increments of 1000 commencing December, January and February. (UNCLASSIFIED)

Comment: Reduction of conscripts temporary. Upon completion improved housing and training facilities at NCO schools, input to be increased. (UNCLASSIFIED)

(2) New Chief of Police
Reportedly Lt Gen Karim Varahram, CG III Corps, appointed Chief of Police Vice Brig Gen Nasser Amir-Ansari. (CONFIDENTIAL)

Comment: Amir-Ansari, former CG Armor-Cav Center, appointed Chief Police 7 Sep 60 relieved suddenly 29 Oct 60. Reported that after departure from Armor-Cav Center 30,000,000 rial (\$394,000) discrepancy in gasoline account discovered. Also rumored Shah dissatisfied with handling of recent murder cases. (CONFIDENTIAL)

(3) Reassignments.
Reported that Brig Gen Ghasem Bahavand CG 2d Div, to be appointed Ch Ord Vice Maj Gen Mohammad Ali Khazaii (WEEKA 43); Geffkhazaii as Inspector General on duty at Imperial Court; Lt Gen Azizollah Kamal CG VI Corps Vice Lt. Gen Karim Varahram as CG III Corps; Maj Gen Ali Mohamad

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Ruhani, CG 9th Div, as CG VI Corps. (CONFIDENTIAL)

Comments: Rumored Gen Khazaii involved in corrupt practices while Chief Ordnance. Reports not confirmed and reassessments of Prahram, Kamal and Ruhani depend upon acceptance of new assignment by Varahram. (CONFIDENTIAL)

B. Air Force

(1) IIAF F-86's move to Vahadati.
On 10 Nov 1960 IIAF F-86's will move to Vahdati Air Base at Dzful, Iran. (CONFIDENTIAL)

(2) PAS Boeing 707 service.
On 7 November PAS will start Boeing 707 jet service to Europe. IR 1410758. (CONFIDENTIAL)

Comment: Boeing 707 jets are owned and operated by Sabena.

(3) Prince Bernhardt letter to Shah
Prince Bernhardt of Netherlands arrived Tehran for visit with Shah. Prior to arrival Prince Bernhardt sent letter to Shah on behalf of KLM for management contract with Iranian Airways and Persian Air Service (PAS). IR 1410757. (CONFIDENTIAL)

C. Navy: Negative.

ACTION: ACSI

INFO: DCSOPs, CA, OSA, JIG, OSD, AF, NAVY, STATE

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NR : 110515Z JOINT WEEKA 45

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SGD WAILES

1. Political

A. Internal

(1) Charge's talk with PM

In general discussion with Charge Nov 2 PM said he anxious improve Iran's relations with USSR, Iraq, Afghanistan. Said Iran needed less tension on frontiers so could devote energies to solving numerous domestic problems. Opined should be possible reduce these tensions without sacrificing any basic Iranian interests.

On domestic matters PM said having some success convincing Shah he should not intervene in daily operations of govt. However said Shah did not seem to understand that it not necessary every day demonstrate his great power. PM added that he thought previous govt's policy of ascribing every action to Shah left Shah open to Russian propaganda attacks.

On military matter PM said Gen Hedayat, SCS, other powerful military figures intriguing against him. Said they counting on present govt being caretaker one. Stated Shah

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seemed ready to believe their absurd charges and this made it very hard serve Shah as PM.

On economic front PM said Eqbal Govt spent far too much for dams, other big projects which meant nothing to average Iranian. Said it necessary turn attention to small-scale activities which would show greater number that govt actually working on their behalf. Added that most Iranians not ambitious or interested in doing more than improving their routine existence. If their standard of living could be raised even slightly they would remain contented, quiescent and problems of governing country would be greatly reduced. (SECRET)

(2) Another oil record

Consortium Oct. net field production reached 1,202,000 bbl per day surpassing previous record reached Sept. Refinery throughput, however, down, owing end-year maintenance. (UNCLASSIFIED)

Comment: Consortium apparently making good its pledge to raise total 1960 revenues to unexpectedly high figure \$282-million. (WEEKA 43) (CONFIDENTIAL)

(3) Kharg Island opening

Shah officiated at 8 Nov. ceremonial opening Consortium's new Kharg Island facilities which have been in partial operation since late July loading tankers with crude oil brought from mainland via submarine pipeline. (UNCLASSIFIED)

B. Iran-Afghanistan

News reports Nov 8 declared PriMin Sharif-Emami accepted invitation visit Afghanistan near future. Special committee reported studying Helmand question. (UNCLASSIFIED)

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PriMin told Charge Nov 6 he expected leave for Kabul shortly. Was pleased with outcome of conversation with Afghan Amb. FonMin Azodi and Under Secretary Afshar later indicated belief that PriMin would not actually proceed Kabul without receiving further favorable information on substantive position Afghan Govt re solution Helmand problem. Also told Charge Iranian technicians strongly opposed accepting water flow figure low as 26 CMS and personally doubted Afghans were prepared offer more. (SECRET)

C. Iran-Iraq

On return from Baghdad, Moghadam, Dir, Office Ports and Navigation, told AmConsul Khorramshahr his briefing of Amb Aram confined to details Abadan Berthing question. No discussions held with Iraqis (WEEKA 44). Amb Aram apparently told Moghadam that FonMin Jawad was not unfavorable re Iranian position in earlier exploratory conversation.

PriMin explained his views on Shatt Al Arab problem to Charge Nov 3. Said he thought existing Shatt agreement would adequately safeguard Iranian interests if fully implemented. Believed Iran should have greater voice in administration of River and not be forced rely entirely on Basra port authority. Did not agree with Shah's position that boundary should be moved to Thalweg and believed that in time Shah could be convinced adopt more reasonable attitude.

FonMin Azodi said later he is hopeful of continued improvement in relations with Iraq. Said border is now open to telephone and vehicle traffic. Iraqi Amb told him he believed Iraqi Govt under misapprehension re Iranian desires on management shipping in Shatt, apparently believing Iranians desired participate in pilotage whereas all they wished was control Berthing within Iranian waters-Abadan as at Chiraz and Khorramshahr. (SECRET)

D. Sov Embassy reception

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Oct revolution celebrated Nov 7 by Sov Emb
reception attended by PriMin other ranking officials and
small number Iranian military. (UNCLASSIFIED)

2. Psychological

A. Press and radio

(1) U.S. elections

Medium heavy pre-election comment.
Majority felt no great change U.S. foreign policy imminent,
made little difference Iran who elected, provided he be man
of peace. Two papers urged Iranian Government imitate
freedom of American elections. Keyhan, in only post-election
comment to date, claimed majority world peoples pleased by
Kennedy victory. Called on him to consider American policy
of supporting any anti-Communist Regime even if worse than
Communism. (UNCLASSIFIED)

(2) Iran-USSR relations

Papers continued silent, though
Jehan, on 43rd anniversary Communist revolution, noted now,
as before revolution, Iran fearful of Russian intentions.
Radio Iran meanwhile broadcast innocuous commentaries on
possibilities for friendly coexistence, given mutual respect.
(UNCLASSIFIED)

(3) Crown Prince

Royal birth continued dominate papers.
Comment continued stress that joyous popular demonstrations
show loyalty to Monarch. (UNCLASSIFIED)

Comment: No official, staged celebrations Tehran,
but Tabriz, Rezayieh, at least, staged huge celebrations.
(UNCLASSIFIED)

(4) Inflation

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JOINT WEEKA 45

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Papers still worried, though comment down. Some papers note trouble is govt has simply not had any economic policy, doesn't understand economics. Marde Mobarez recommends businessmen be brought in to help guide economy. (UNCLASSIFIED)

(5) Radio Moscow, NVI

Radio Moscow repeated "news" from Tehran that Iranian social circles demanding trial Eqbal, other previous Cabinet Ministers. Said Eqbal Cabinet took large bribes, embezzled govt funds. Claimed American Embassy afraid Eqbal's trial would reveal American crimes in Iran. Also attacked American economic exploitation, pointed to high salaried and high living Americans in Iran, said Americans making Iran their semi-colony. (UNCLASSIFIED)

NVI attacked Min Education for being dominated by point IV advisors, failing take steps eradicate "hideous", "obscene" American way of life. Also called on Iranian laborers to save nation from "Coupe Regime". Reception limited to one broadcast. (UNCLASSIFIED)

3. Military

A.. Army

(1) USSR Mil Attaché

Col Gregory Kuzmenko, MA to Iran, returned unexpectedly to Tehran 3 Nov after one week home leave in Moscow. (OFFICIAL USE ONLY)

Comment: Kuzmenko's return surprise since he departed for Moscow 17 Oct for 2-3 months leave. Sudden return unexplained other than he stated to ARMA "Like you I am a soldier and I was ordered to return to Tehran". (CONFIDENTIAL)

(2) Reassignments

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Col Abolghasem Nezam appointed Chief, Protocol Branch, J-2 SCS; Col Ali Abar, Chief, Protocol and Foreign Liaison Section Vice Col Esfandiar Shahriari. Shahriari reassigned as CO, I Corps Artillery. (UNCLASSIFIED)

B. Navy: Negative.

C. Air Force: Negative.

ACTION: ACSI

INFO : DCSOP, OSA, JIG, CA, OSD, AF, NAVY, STATE

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SGD WAILES.

1. Political.
 - A. Internal

(1) Municipal elections. Speedup in preparations for nationwide municipal elections ordered by Min Interior Nov 12. In Tehran, where voting expected to be held first election districts established, prospective candidates registering, though polling dates not announced. Mardom Party reports it planning enter full slate candidates in Tehran, large number elsewhere; but Melliyun has announced will not participate. (UNCLASSIFIED)

Comment: To date little public interest shown. Speedup may be result desire get city elections out of way in order hold Majlis elections soon, possibly in two to three months. (CONF)

(2) Report to IMF on stabilization program. Central Bank 9 Nov cabled to IMF first report progress stabilization program showing status credit advances through 22 Oct. So far all indicators well in line with commitments to IMF. (OUO)

Comment: Report nevertheless raised danger signals for future especially as regards continuing rapid increase bank melli credits private sector and especially sharp increase debt of independent government agencies. (OFFICIAL USE ONLY)

(3) Monetary council starts functioning. New monetary and credit control council established by recent banking legislation held first two meetings Nov 6 and 13, took following actions: Raised official discount rate from 4 to 6 percent; raised interest bank melli saving deposits;

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instructed all banks keep credit advances private sector to level outstanding 22 Sept. (OFFICIAL USE ONLY)

Comment: Council essential control element in fulfilling stabilization program. First actions are in line with this program, are designed keep credit expansion within bounds. (OUO)

(4) Teachers' salary raise. Council ministers 14 Nov directed Min Finance to advance 22 million rials (\$293,000) to Min Education to raise teachers' salaries. Action followed resignation 5 days earlier some 100 junior teachers Tehran because low salary scales. (UNCLASSIFIED)

Comment: Pressure for budget relief Min Education irresistible even under stabilization program. While such a small increase does not jeopardize this program, some gov econ officials concerned that no ministries have yet taken the cuts necessary to provide budgetary surplus this year. (OFFICIAL USE ONLY)

B. Iran-USSR.
Shah receive Sov Amb Pegov Nov 13. Press reported Pegov delivered Khrushchev's reply to note delivered by Amb Masud-Ansari on latter's return to Moscow. Also reported Pegov has held talks with FonMin Azodi for resumption of normal relations. Pegov told journalists at Swedish Emb reception Nov 11 he hoped have "good news for gentlemen of press in connection with Iran-Soviet relations" in very near future. (UNCLASSIFIED)

C. Iran-Afghanistan.
Prime Minister told charge Nov 15 Shah's approval obtained for proposal he will submit to Afghans for solution Helmand River problem. Expects leave for Kabul week after next. (CONFIDENTIAL)

D. Iran-Japan.
Japanese Crown Prince Akihito and Princess Michiko arrived Tehran Nov 14 for 8 day state visit. Highlights of visit include address to senate, state banquets and tour of Iran. (UNCLASSIFIED)

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E. Iran-Pakistan
Pak Pres Ayub Khan lunched with Shah in brief stopover Tehran Nov 12 on return Karachi from Cairo. Press reported Pri Min, Fon Min and Pak Amb participated in talks at airport. (UNCLASSIFIED)

2. Psychological

A. Press & radio

(1) U.S. elections. Abundant post-election comment. Numerous small papers stressed failure American foreign policy, result loss prestige, as principal factors Kennedy victory. Small papers also criticized U.S. aid policy as misdirected, insufficient, or given without understanding of character of aided peoples. Major Daily Ettela'at stressed factors loss prestige, presence in Kennedy entourage of intellectuals, trained economists. A few small papers cited elections as example democracy in action, sign of political, social maturity U.S., Vazin stating, "It only in wretched and sleepy east where it is thought certain persons have permanent rights."

(2) Japan. Visit Crown Prince Akihito and Princess Wiely covered, with numerous special feature on Japan. As at time of German industrial exhibition comment stressed amazing postwar recovery Japan as example for Iran. Ettela'at suggesting Iran might consider shifting emphasis in contacts with outer world to east as cultural factors make close relations easier. (UNCLASSIFIED)

(3) Local elections. Impending election Tehran municipal councils revived sporadic interest, further pleas for govt to assure honest elections. Several small papers supported women's campaign for right to run and vote. Keyhan, though recognizing principles of women's rights begged them to stay out of the filth of corrupt elections. (UNCLASSIFIED)

(4) Radio Moscow, NVI. Radio Moscow continued attack "reactionary authorities" who serve imperialists, expose Iranian people to danger by putting Iranian oil, airspace at disposal American armed forces. Pointed to Powers espionage flight, recent CENTO maneuvers as examples provocations. Repeated warning that in case American bases in other countries used against Russia they would receive "severe blows." Stated Iran's return to

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neutrality on other hand would create possibilities for economic progress, aid from socialist countries.

On American elections radio Moscow said reactionaries in Iran very disturbed by Republican defeat because they had relied on "Eisenhower-Nixon" support. Stated these same people, helped by Eisenhower, overthrew Mosadegh, surrendered nations oil wealth to Consortium, kept traitors like Eqbal in power.

Reception NVI limite one broadcast which attacted Sharif-Emami govt for failing hold Majlis elections. (UNCLAS)

3. Military

A. Army.

(1) Reassignments. Brig Gen Ghasem Baharvand appointment as Chief Ordnance confirmed. Lt Gen Karim Varahram, former CG III Corps, is in Tehran; however new assignment not disclosed. Previously reported Varahram to be Chief Police Vice Brig Gen Nasser Amir-Ansari reportedly Brig Gen Fatollah Minbashian assumed command of 9th Inf Div Vice Maj Gen Ali Mohamad Ruhani. (CONFIDENTIAL)

Comment: Reported that Gen Amir-Ansari reinstated as Chief of Police. (CONFIDENTIAL)

B. Navy

(1) Persian Gulf hydrographic survey of the USS Tanner and the USS Requisite arrived in the Bandar Abbas area on 16 Nov 1960 to continue the Persian Gulf hydrographic survey. (UNCLASSIFIED)

C. Air Force.

(1) CENTO exercise Shahbaz III began 15-17 Nov. USAF participation included three C-130 airlift and four full crews from the 322nd Air Division, Evreux, France. Official observers from the Joint Chiefs of Staff, Washington and from Hq, USAFE, were on hand make evaluation and critique of operation. (CONFIDENTIAL)

ACTION: ACSI

INFO: DCSOP, CA, OSA, JIG, OSD, AF, NAVY, STATE

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NR: 270500Z JW 47 NOV 60

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SGD WAILES

1. Political

A. Iran-Afghanistan

Amal 62 Kabul Nov 29 for talks on Helmand River, cultural and commercial relations. Delegation includes 2 senators, reps mins FonAff, Commerce, Roads and Tehran Univ. (UNCLASSIFIED)

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From charge's discussion Helmand issue with FonMin and Under Secy, appears delegation thinking along lines of agreement on specific provisional water flow figure for specified interval in return for study by neutral agency and Afghan commitment to acceptance findings of such agency. Iranians disinclined agree on even provisional flow figure which would be less than amount now entering Iran if Afghans unwilling agree accept as final neutral recommendations. (CONF)

B. Iran-Iraq

Jawad visited Abadan briefly Nov 22. Accompanied by Basra port dir gen, chief engineer and military commandant Basra. Bunched with governors Abadan, Khorramshahr. IORC official reported Jawad saying this his first trip on Shatt-Al-Arab. Invitation apparently extended by Iranian FonMin Azodi (OOO)

According press account Jawad explained visit was informal, added to other remarks statement pilgrim traffic between two countries would soon be renewed. (UNCLASSIFIED)

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DEPARTMENT OF THE ARMY
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MESSAGE

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C. Internal

(1) Rumored coup. Reports reached Tehran Nov 21 of rumors in Beirut, elsewhere of Shah's overthrow. Papers stated source was PanAm pilot just in from Tehran. Reports completely without foundation, although local PanAm manager feared Iran Gov resentment and apparently later sent out message to neighboring PanAm offices warning that GOI might cause difficulties for future flights. Nothing however, has happened to PanAm or anyone else. (CONFIDENTIAL)

(2) Reaction to U. S. elections. Reaction to U. S. elections differed between "ins" and "outs". Authorities, upper class, seem concerned over possibilities basic changes U. S. policies, which might cause reduced support for Shah's regime, abandonment CENTO, greater support for neutralists, reduction in aid, especially military. Most other people however appear enthusiastic over belief Kennedy administration will be able bring pressure effect wider benefits aid funds, greater democratization regime, reduction in corruption. (CONFIDENTIAL)

Comment: Kennedy will begin term with both assets, liabilities in Iran. Authorities will want be reassured of basic U. S. interest in Iran, continuation basic programs. Groups outside ruling class however, will expect changes. To extent later's hopes dashed, they can be expected revert to usual attacks on U. S. foreign policies. (CONFIDENTIAL)

2. Psychological

A. Press

(1) U. S. elections. Abundant comment, all small papers. Reception Kennedy victory friendly and hopeful but reserved. Several mentioned loss in U. S. prestige, failures Eisenhower foreign policy, or growth Soviet influence. Much speculation on whether U. S. aid, foreign policies will change, but little alarm, though DAD feared cessation all foreign aid. U. S.-Baitarg Donyaye Jadid called for retreat to safety of neutrality. Two papers applauded Kennedy's promised shift emphasis from military to economic aid. Tajadide Iran joyous at defeat Republican blood-suckers who shoved guns down people's throats. (UNCLASSIFIED)

(2) U. S. foreign exchange restrictions. Only

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three small papers attempted comment, worrying about U. S. dollar crisis, business recession, unemployment, effect on aid policies. Diplomat claimed one billion cut tourist spending ordered. (UNCLASSIFIED)

Comment: Few people really understand issue.
(UNCL)

(3) Japan, Germany. Presence Jap Crown Prince evoked scattered further reference economic miracle recovery Japan, Germany, benefit to Iran of imitating their example. (UNCLASSIFIED)

(4) Naser. Beirut rumor Iranian coup blamed on "adventurous Col Naser" by Ettela'at, Mehre Iranjahan, with expected expressions devoting Iranian people to monarch. (See Keyhan international below) (UNCLASSIFIED)

(5) Turkey. Ettela'at welcomed Gursel curtailment military committee to victory of moderates. Keyhan declared trials were laughing stock, disgraced regime more than defendants had, but was pleased with changes in military committee.

(6) Local election. Three Ettela'at editorials hopeful, but implored qualified candidates to run, not leave field to scoundrels. Keyhan, granting PM's good faith, begged people to vote, saying an election abandoned to politician fixers worse than govt-rigged election. Peygane Emruz gloomy, saying nothing can stop the fixers from getting in. Some small papers still debating women's rights. (UNCL)

(7) Inflation. Sparse comment continues with Keyhan belaboring govt for failure prevent price rises in govt-controlled institutions. (UNCL)

(8) Keyhan International. Paper suspended Nov 23 by Savak. Chief Bakhtiar allegedly for printing article favorable Egypt. Paper reappeared Nov 24 about nine hours late. Report states Bakhtiar also incensed to find editor Englishman (Dullforce) which against law. Also reported editor Keyhan (Farsi) got PM to put pressure on

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Bakhtiar on grounds offenses minor. (LIMITED OFFICIAL USE ONLY)

Comment: English staff believes trouble results from intrigues Iranian Sheida to get editor's job, saying Sheida has been passing borderline stories to Savak. Status English staff unclear. Action may also effect Tehran Journal should someone point out Ted Hollie, though listed as managing editor, actually chief editor. Not Dullforce but Tahbaz listed on KI masthead.

We so far unable locate offending article. (LIMITED OFFICIAL USE)

B. Radio

(1) Radio Moscow, NVI. Radio Moscow continued concentrate attacks on U. S. employing usual themes that U. S. using Iran for aggressive base, exploiting Iranian resources, trampling on Iranian rights. Said as result militarization policy Iran saddled with back-breaking expenses, flooded with American military experts. Stated did not believe Iranian govt independently preparing aggression against Russia, but Iranian people should come to know aggressive American purposes. (UNCLASSIFIED)

One Moscow broadcast attacked Iran's UN delegation for voting with US, Britain on disarmament, stated CENTO, bilateral pact deprived Iran of political independence. (UNCL)

NVI attacked German failure build steel mill in Iran, said coup regime, imperialists desirous only of captivity of Iran following Shah aerial maneuvers reported US planning force Iran buy obsolete aircraft, said Iran authorities agreed to transaction because "got their share". Further called Tehran municipality a branch of royal court, which court members profit therefrom, therefore intend control city council elections to continue situation. (UNCLASSIFIED)

(2) Radio Iran. During past two weeks radio Iran resumed cautious hopeful tone re Soviet Union. Stressed repeatedly respect for sovereignty. (UNCLASSIFIED)

3. Military

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A. Army

(1) Reassignments. MajGen Nematollah Nasiri appointed Chief National Police vice Brig Gen Naser Amiz to Ansari 22 Nov. Brig Gen Czia-Ed-Di Khonatbari assigned Deputy Chief Police. Col Seyed Mohsen Hashemi-Nejad, Adjutant to Gen Abdollah Hedayat, Chief SCS, reassigned as CofS Imperial Guard. Maj Gen Mohamad Daftari, Chief Arsenal Dept, resigned as Under Sec for Physical Ed in Min of Ed. (UNCL)

Comment: Izir & Ansari being allowed retire rather than be prosecuted for irregularities uncovered at Armd-Cav Center (WEEKA 44). Nasiri continues in key position close to Shah. Daftari reportedly to vacation in Europe. Upon return to Iran, will resume only duties as Chief Arsenal Dept. (CONFIDENTIAL)

(2) Resignation. Reported Lt Col Ali Ak Bar Dadsetan, Comdr 111th Tank Battalion, will resign from mil service rather than face charges for being involved in irregularities at Armd-Cav Center. (CONFIDENTIAL)

Comment: Dadsetan reportedly a distant member of Royal Family. (CONFIDENTIAL)

(3) Gen Ariana. Lt Gen Bahram Ariana returned from Europe. (UNCLASSIFIED)

Comment: Other than honorary position Adjutant to Shah, nature of Ariana's present and future activities unknown. (UNCLASSIFIED)

(4) USSR Asst Attachés. Col Seman Sokolov Asst MA for Air, departing Tehran 0/A 5 Dec for Moscow on permanent change of station. Sokolov being replaced by Lt Col Alexander Fukovsky (spelling uncertain) Armor, was due arrive Tehran 0/A 23 Nov. Col Veniamin Malygin, Asst departed Tehran 21 Nov for Moscow on ordinary leave. (OFFICIAL USE ONLY)

Comment: Although Sokolov's reassignment surprise, considered routine. (OFFICIAL USE ONLY)

B. Navy-Negative

C. Air Force-Negative.

ACTION: ACSI

INFO: DCSOP, CA, OSA, JIG, OSD, AF, NAVY, STATE

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On upcoming five-year plan indicated would emphasize agriculture. Said question of building dams as against other mean providing necessary water; electricity would have to be studied carefully in each case.

Relations with Turkey, Pakistan were termed "good" and with Iraq "improving". On Afghans said had been some difficulties in past which he hoped would be removed. Termed PM's Kabul trip "useful step". With respect USSR said Iran ready forget past, work towards better relations on basis mutual respect. Stated Iran prepared show goodwill this reward in number of ways. (UNCLASSIFIED)

Comment: Shah's comments on possible changes US aid programs appear be pointed indication line to be taken if subject decreased military aid comes up. Announcement impending Majlis elections reflects practical pressure to have operating legislature as well as giving weight to view Shah believes Majlis should be convened before Kennedy's inauguration in order make regime appear as Democratic as possible. At present not known whether municipal, senate elections to be affected, to present confusion, uncertainty. Modes ill for ultimate success critical Majlis elections. In this respect, Shah's remarks on "traitors" must be indications of manner in which elections some persons unacceptable to Shah will be dealt with. (CONFIDENTIAL)

(2) Elections

Following announcement impending Majlis elections, flurry of pre-election activity began) Melliyun, Mardom parties announced plans contest all seats. Independents from last time announced would participate again. Present indications are independent candidates will be much more numerous this time. Preliminary public reactions before generally apathetic. (LIMITED OFFICIAL USE)

(3) OPEC participation

Iran Del to 30 Nov. Baghdad meeting oOPEC agency sub-committee headed by Fatollah Nafisi of Nioc, replacing regular chief Del Fuad Duhani, who is now in U.S. oil tanker business. Has said Del prepared oppose any move for decision limit oil production. (UNCLAS)

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Petroleum week correspondent Wanda Jablonski, now visiting Tehran, says interview with Shah to be published 9 Dec. Issue contains categorical statement Iran's opposition any move limit oil production. (CONFIDENTIAL)

Comment: Iran went along with mild spec resolution from first meeting Sept. to effect that exporting countries study possibilities pro-rationing. Attitude now apparently stiffening. (OFFICIAL USE ONLY)

B. Iran-Afghanistan

PriMin Sharif - Emami and 12 member delegation departed from Kabul Nov 29. (UNCLASSIFIED)

Prior departure PriMin told charge Iranians prepared reach agreement with Afghans on economic, transition cultural, juridical and educational matters as well as on Helmand issue. However delegation not planning present proposals unless Afghans appear receptive. Said even if Helmand agreement not reached now, visit would contribute to better understanding and facilitate settlement some time later. (CONFIDENTIAL)

C. Iran-USSR

Rumors attributed to Sov Amb Pegov assert Iran Gov tentatively planning send goodwill mission to Moscow. Source close to Shah and sympathetic Soviet viewpoint commented to charge that Sov displeasure over unfriendly references to USSR in Shah's memoirs now being published in European papers makes it unlikely mission will proceed. This guess seemingly contradicted by report that Pegov has repeated statement again in past few days. (CONFIDENTIAL)

Referring Pegov statement to press that he is satisfied with progress of talks presently underway, Farman Nov 20 printed unattributed report that PM may shortly proceed Moscow for further negotiations. Declared Govt sources declined comment. (UNCLASSIFIED)

2. Psychological

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A. Press

(1) Press-Police Clash

Ettelaat reporter severely thrashed by new police chief Nasiri and aides for writing story about prostitute originally led astray by police officer. Publisher Sen. Massoudi, threatening publicity, dissuaded by Shah, who stressed need keep from foreign community, promised take action. (CONFIDENTIAL)

Comment: Nasiri action bound to backfire as story gets around and unites against him Tehran's normally disunited press. Even if press cannot strike back directly, can be uncooperative and hostile. (CONFIDENTIAL)

(2) Nasser

Small papers still belaboring Nasser for allegedly starting rumor about coup in Iran, using epithets "clown, dictator, despot, beast, pharaoh", etc. Setareye Tehran, recalling Egypt's easy defeat by Israel, ridicules Nasser's pretensions to be leader of East, notes at least nobody doubted Hitler's military ability. (UNCLASS)

(3) Iran-Afghanistan

PM's trip commented on with usual phrases, desire for brotherly relations all neighbors given mutual respect for independence and integrity, hope for improvement. Ettelaat, Tolu, perhaps fearing failure on Helmand issue, describe visit as purely "ceremonial" or "good will". (UNCLASSIFIED)

(4) Iran-USSR

Shah press conf statement Iran willing forget past prompted three small papers repeat usual protestations willingness improve relations, two noting however past was dark and it not Iran who had obstructed improvement. (UNCLASSIFIED)

(5) Laos

Two Ettelaat comments. Hailed as best solution

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Cambodian Premier's UN suggestion confederation Laos, Cambodia under UN guarantee neutrality; noted because it neutral Cambodia one of most stable states in SE Asia. Though US helped Laos more than any country in world, it drifting into neutrality because, as result incorrect US policy, aid upset social balances, went into pockets corrupt officials; whole Laos govt too corrupt to have strength to fight Communism. (UNCLASSIFIED)

Comment: Rare instance reproof normally pro-U.S. paper. (UNCLASSIFIED)

(6) Japanese elections.

Only Ettelaat commented, noting victory for US-Jap defense agreement, calling on Japan take more active part in defense Asia, cast aside pacifist feelings and have courage to face up to danger. (UNCLASSIFIED)

(7) Elections

Abundant comment sparked by Shah's announcement forthcoming Majlis elections. Most papers agree present Govt will be impartial, but much feeling this not enough as self-interested elements will manipulate results to own advantage. Many papers note popular apathy induced by failure past promises of free elections, some demanding people wake up, participate actively. Ettelaat reports conversation with cabinet member who protested all Govt require he was remain impartial, did not have power prevent abuses resulting from loopholes in law. Jehan counselled "if elections to be similar those in past, care should be taken avoid at all costs use such phrases as "free elections".

Comment: Little public interest as yet, partly owing vagueness Shah's announcement. (UNCLASSIFIED)

(8) Third Development Plan

Several comments: DAD hopeful, Nur Va Zolmat skeptical because of "failure" first two plans. Keyhan probably most honest when it protested if govt wishes inform people of a development, it should not be in such complicated terms it not comprehensible. Keyhan insisted plans for '6

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percent national product presuppose greater statistical knowledge present product than exists, pleaded for avoidance inflationary programs. (UNCLASSIFIED)

B. Radio Moscow, NVI

Radio Moscow said cold war policy had caused Nixon's defeat and that as a result his defeat those American circles which favor increasing tensions were unhappy while in other countries those groups which obediently had followed America's imperialistic policy were growing uneasy. Quoted Iranian press in attempt show similar anxiety in Iran, particularly over future of CENTO. Said Iranian people demand peace, do not want to follow American imperialists any more, will oust war-mongers from their homeland.

In another broadcast radio Moscow pointed to good Russo-Finnish relations despite differences in social systems. Said this was due wise leadership in Finland. Stated Russian-Iranian relations however not normal since Iran place of anti-Russian intrigues, member Western military blocs. Said policy of independent neutrality only policy which results in maintenance of peace, political, economic stability, friendly relations with all countries.

Radio Moscow reception limited to two broadcasts. (UNCLASSIFIED)

NVI on occasion departure Iran PM for Kabul "quoted" Iranian foreign office official as saying two govt can never reach agreement since Afghan govt had adopted neutrality, defends interests Asian, African states, whereas Iranian Govt has linked its destiny with imperialist military pacts. Said there will be friendly relations between Iran, Afghans when national govt comes to power in Iran. (UNCLASSIFIED)

3. Military

A. Army

(1) Gen Qarani released
Press reports Maj Gen Aliollah Qarani among 67 political and military prisoners released 30 Nov on orders of Shah. (UNCLASSIFIED)

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Comment: Qarani sentenced three years imprisonment and dishonorably discharged from Army July 1958 for plotting against Shah's regime (mid-year WEEKAs 1958). Although Qarani's activities will be carefully watched, it is believed he will attempt continue political activity.
(SECRET)

(2) New Tehran Police Chief
Press reports Brig Gen Mohsen Mobaser appointed Chief Tehran Police. (UNCLASSIFIED)

Comment: Mobaser's previous assignments have been in intelligence field including appointment as J-2, SCS, in 1958. (OFFICIAL USE ONLY)

- B. Navy; negative
- C. Air Force; negative

ACTION: ACSI

INFO: DCSOP, CA, OSA, JIG, OSD, AF, NAVY, STATE

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several reports will begin soon and attempt will be made conduct them expeditiously. Reports further indicate regime hopes carry out controlled vote in manner which will avoid the direct govt interference, relatively unrestricted press comment, heavy analisis on "freedom" which characterized recent defunct elections. Of political parties apparently being given lesser role to play this time, with correspondingly greater chance for election "independents". Reported some opposition leaders, including perhaps Mosadequist Alayar Saleh, will be allowed be elected to provide appearance greater freedom. (CONF)

Comment: If regime conducts quick vote with little fanfare, it possible through presentation of faith accomplish elections can be disposed of without unduly adverse effects on enternal stability. Election of some well-known opposition leaders would increase likelihood success, no doubt improve public reception of results. However, given low state political party org, lack strong central govt control over provincial apparatus, presence this time in Tehran of volatile student element, greatly increase wariness on part informed public, prospects still highly uncertain. (CONF)
(2) GOI concern re tied-financing procedures.

GOI concerned procedures involved tied-financing assistance in form defense support. DLF road load and possible ex-IM balance payment loan might considerably delay generation rials from foreign exchange sales to importers required by MinWar and plan org. Citing adamantly refusing release funds to those agencies prior generation rials through sale foreign currency. Cabinet-level group departing for Washington 10 Dec discuss situation. (CONF)

Comment: Kashani has taken very firm position this matter. In view sensitivity issues involved, this could result serious internal GOI conflict adverse to UGMS interests. (CONF)

(3) Third economic development plan.
GOI is currently devoting considerable time to exploration basic objectives of third economic plan scheduled commence late 1962. Shah in council has approved plan org proposal to maintain at least six percent national income growth rate during five-year-plan period. Plan org hopes publish plan framework during winter months and to have detailed plan ready for presentation to Majlis prior Sept 1 1961. (UNCLASS)

Comment: Realization of growth objectives of third plan will necessitate substantial mobilization of domestic savings, considerable foreign financing assistance and extensive reforms
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in governmental administrative procedures (OFL USE ONLY)

2. Psychological

A. Press

(1) New US for policy

Light comment. Major Daily Ettelaat analyzed policy statement both parties, concluded both supported (A) Western unity, (B) Preventing spread of communism, (C) Aid to help stabilize underdeveloped countries; therefore no fundamental change forthcoming, only shift in emphasis from military to economic. Two small papers say Kennedy hope of world. Peyqame Emruz says US so engrossed in battle with communist monster it has ignored individual needs, aspirations some small countries. Rowshanfekr, in not unfriendly editorial, says in view coming cuts US for aid Iran should consider Soviet aid, of without strings. West-baiting diplomat blasted US for imperialism, setting up military dictatorships, though this time complimenting US on popular policies opposing both communism and imperialism in pre-Eisenhower days. (UNCLASS)

(2) Iranian for relations

Spate of comment small papers on Afghan visit, mostly pious generalities on friendship, cooperation, etc. Marde Mobarez states now two nations can unite in common front against ghoul of communism. Three papers also express hope re improvement relations USSR. (UNCLASS)

(3) UN debate on colonialism

Siasi, Reyqame Emruz protest nations arguing in UN themselves have bloody hands, even today, latter saying disarmament is real issue; once solved, imperialism will disappear. Keyhan notes imperialistic tactic of sowing discord, cites Congo situation as further example of same; main trouble in Congo is too many fingers in pie. (UNCLASS)

(4) Moscow communique

Scant comment, though news coverage from wire services has been underlining Moscow-Beijing split, presumed Moscow victory. Ettelaat points to blow to communism as result of fact communist world no longer solid political unit, with single unchallenged center of authority. Two papers option Moscow's victory for coexistence should ease international relations. (UNCLASS)

(5) Elections

Considerable comment small papers, same tenor. Most seem willing admit good intentions of govt, but given imperfect electoral law fear results will be distorted

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by individual pressures. Some note necessity to have parliament for proper functioning of govt, even though people may feel no need for one.

Comment: Still little public interest.

(UNCLASS)

(6) Third plan

Continues light comment Sanguine. Keyhan warns inflation could wreck whold plan, as it was major factor in failure second plan.

(7) Education

Major Daily Ettelaat for several weeks has campaigned for "drastic overhaul" entire educational system. Principal arguments: secondary schools train students only for universities or govt work, with no special skills. Those who can't get either, unable perform useful work, become idle. Establish no more general secondary schools; confine expansion to primary and vocational secondary schools. Quit looking to national govt for all action, funds. Establish local school boards, also town councils to raise funds locally; solicit public support expansion primary education. Doubling of Min Education budget would not solve problem. Ettelaat joined occasionally by Keyhan with less constructive criticism. Paper claims educ system geared produce weaklings, expectant of coddling by govt, believing high school diploma entitles to job though grads not trained specifically for anything. (UNCLASS)

Comment: Undeniable fact educational system production of "liberal art grads outrunning national needs; such technicians as produced insufficient although often not used in specialities. Group consisting of recent high school and univ grads, also univ students basically frustrated, constitute one of most unstable elements society. (CONF)

B. Radio

(1) Iran-Soviet
Radio Iran continuing regular bland commentaries on help given USSR during war, Iran's desire friendly relations all neighbors.

(2) Radio Moscow NVI

Radio Moscow reminded that Iran govt Jan 1959 requested Russian delegation come Tehran for discussions, that Soviet delegation at that time had offered friendship, expansion of trade, economic assistance, but that Iran govt had used talks to mislead public opinion, pressure Americans.

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Iran now suggesting past should be forgotten, but certain Iranian circles again trying corrupt Iran-Sov discussions. Gestures good will on part Iran favorably received in USSR, but Russian people cannot be indifferent to bellicose attitude on part of Iran since mid-1958. Incidents in Korea, Japan, Laos, Turkey are clear signs that destiny of any govt whose policy runs counter to aspirations of people is to be overthrown. Military, political alliances with aggressive American forces not solely internal affair Iran, but also one affecting security USSR. Thus policy of following enslaving dictators pentary, has direct influence on Iran-Sov relations. Finding a way out of this and improving relations with USSR duty of Iranian leaders. USSR as always following policies coexistence and prevention use of Iranian soil as base for aggression against Russia.

NVI called attention to replacement Chief National Police, claiming change showed uneasiness of Shah over dissatisfaction among police officers. Alleged that an anti-Shah group police officers cooperating with underground organizations for overthrow regime. Also attacked "national defence organization" as band armed hooligans who being trained by Shah, Americans in hope that if one day Army joins people in revolt regime can rely on them for protection. (UNCLASS)

Comment: Moscow Radio adopted decidedly stiffer tone than in previous weeks, though still short of direct attacks on Shah, Iranian govt. (CONF)

3. Military

A. Army

(1) Reassignments

Col Ali Imanian, Adjutant to Min War, reassigned to J-2 SCS. Lt Col Ali Asghar Emami appointed Adjutant to Min War. Lt Col Hushang Javadi assigned as Adjutant to Chief SCS Vice Hashemi-Nejad (WEEKA 47). Rumors as indicate Lt Gen Karim Varahram, unassigned, may be designated First Field Army Commander. (CONF)

Comment: Above assignments routine.

(CONF)

(2) IIA jurisdiction of US military personnel

In Oct 60 it appeared IIA had interpreted ARMISH-MAAG agreement to allow trial US mil personnel by IIA courts in cases major civilian offenses committed by US mil

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personnel on duty. Discussion by Chief, ARMISH-MAAG with the Shah and Gen Hedayat produced general understanding that:

(A) In cases major civilian offenses committed by US mil personnel in performance official duty, IIA judicial procedure will be exercised in determining official duty status. When performance official duty established, case will be transferred from Iranian civilian to Iranian military jurisdiction. Following claims settlement, US personnel accused will be released to Chief ARMISH-MAAG with directions to effect their departure for trial by US Court Martial outside Iran.

(B) US military personnel involved in off-duty offenses will continue to be tried by Iran civilian court.

Contrary to above agreement, US Army sgt was tried in absentia 23 Nov 60 by IIA court martial in Tehran without advance notice to the accused or Chief, ARMISH-MAAG. (CONF)

Comment: Assertion IIA of jurisdiction over US mil personnel is not acceptable. (CONF)

- B. Navy; negative
- C. Air Force; negative

ACTION: ACSI

INFO : DCSOP, CA, OSA, JIG, OSD, AF, NAVY, STATE

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TO : DA WASH DC, CINCUSAREUR HEIDELBERG GERMANY, USCINCEUR
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USAFE LINDSEY AS GERMANY, COMDR 17 AF GERMANY, COMDR
2ND ADIV DHARHAN SAUDI ARABIA

NR : 160500Z JNT WEEKA 50
STATE SECRET - SGD WAILES

DEC 60

1. Political-economic

A. Elections. Though opening date Majlis elections not yet announced informed sources believe vote imminent. Melliyun, mardom parties both state planning nominate full slate candidates. Several independents have announced intention run but others, including Ali Amini, apparently have been dissuaded from participating. Plans mosaadequists, fringe opposition elements known. Comment: Believed that though specific techniques not decided upon govt's present plan is to conduct quick elections with little fanfare, probably little substance of freedom. Prospects for improved reaction to elections however, still doubtful owing to heightened public attention, lack organization needed to carry out govt decisions presence troublespots, notably Alayar Saleh's Kashan. (CONFIDENTIAL)

B. Appt Tehran mayor. Fathollah Forut prominent businessman, independent conservative politician. Appointed Mayor Tehran Dec 13. (OFFICIAL USE ONLY) Comment: Widely believed appt intended remove Forud as Candidate for Majlis, obtain support powerful bazaar interests in assuring election govt-approved candidates in Tehran. Reportedly deal to be completed with eventual appt Forud as Senator. (CONFIDENTIAL)

2. Iran-Afghanistan. PriMin told charge that readiness with which Afghans accepted Iranian proposals for petroleum sales and transit rights indicated possibility Iran can play very useful role in lessening Afghan dependence upon USSR. 3(WEEKA 49) said Iran would do everything possible with own resources to provide alternate influence to USSR in Afghanistan and suggested U. S. consider cooperating this effort. Declared GOI anxious make use every opportunity convince Afghans that Iran desires friendly relations despite differences in National Politics. (CONFIDENTIAL)

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Hoped shipments of petroleum would begin in very near future. (SECRET) Comment: Tenor IM's remarks indicates may be looking forward to time when US to be asked provide assistance developing necessary transit facilities. (SECRET)

D. Oil production remains high. Consortium's November net fields production was 1.16 million BBL per day. Only slightly below October peak (WEEKA 45); Cumulative production first 11 months almost 11 percent above same period last year. November refinery through-put also at high level 369 thousand bbl per day. (UNCLAS) Comment: Reflects consortium decision taken at time August price cuts to shift offtake from Kuwait to Iran. Output expected remain high level December and throughout 1961. (CONFIDENTIAL)

E. Shah's petroleum interview. Interviewed with petroleum week editor (WEEKA 48) published full text Tehran journal, forwarded despatch Kayhan International December 10. No mention in Persian-language press, and NIIC says it was suppressed because remarks against limitation of exports would tend to weaken popular concept as medium for concerted pressure on companies. (OUO) Comment: Indicative ambivalent approach on oil question. By full plan foreign media, companies and opec participants informed re Iran's true attitude, but apparently authorities fear suggestion of non-cooperation with other oil producing countries would be interpreted as sign of weakness by Iran public. (OFFICIAL USE ONLY)

2. Psychological.

A. Press

1. U. S. dollar crisis, foreign aid. Few small papers still worried about reliability dollar, warn small countries must avoid getting tied to any foreign monetary unit. Ettela'at analyzes U. S. problem, and though warning it is error assume this indicates decline U. S. production or income, opines decline U. S. foreign military, economic spending inevitable.

2. Cabinet appointments. Wire service reports widely headlined, but comment scanty. DAD opined full-bright lost out because anti-negro, noting only that Rusk also experienced, capable. Ettela'at hailed appointment Stevenson "Greatest U. S. Statesman", who alone one can improve UN favorable U. S. relations underdeveloped countries, convert U. S. mechanical majority in U. N. to natural majority. Comment: Lack reaction to Rusk result fact he almost completely unknown here.

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PAGE 3

(3) International communist conference. Manifesto evoked some comment, mostly small papers. Tone: Hopeful skepticism, challenging USSR to prove good intentions in practice. Ferdowsi warns peaceful coexistence should not be equaled with non-interference. Keyran adopts "Plague both your houses" attitude, damning both East and West for widespread interference in internal affairs of other countries while talking of non-interference.

(4) Algeria. Ettelaat twice damned extremist elements for opposition DeGaulle, saying it "Silly" try keep Algerian part of France. Proclaims freedom fighters "Heroes of great drama which nearing victorious end". Several small papers echo, though Jahan condemns FLN as Cairo tool.

(5) Congo. Ettelaat, noting U. N. prestige at stake, makes stalwart defense U. N. Congo policies, pleads with members to give Hammarskjold emergency power he needs. To extent possible U. N. troops have fulfilled duty, which was establish security, not interfere in internal affairs. Estakhr blasts Belgians for creating mess favoring communist interests.

(6) Prices. Keyhan continues series in support third plan, stressing inflation condemns any plan to failure. "Price-Tag Control" not effective; suggests govt subsidization production popular necessities to create deflationary competition; also cooperative stores.

(7) Azerbaijan day (December 12). All papers print editorials, special features, hailing popular uprising which assisted Royal Army in throwing foreign hirelings out of Azerbaijan, noting it as proof devotion people to Shah. Comment: Most comment reads alike, faithfully echoing official line. Though most papers note foreign interference, USSR not named.

(8) Education. Ettelaat continued campaign for reforms with four editorials, one special article, same themes. Keyhan joined in with four editorials, one special article, same themes. Keyhan joined in with sarcastic comment on complaints of U. S. - trained engineer, asking whether he really thought govt subsidized his study in order that he return to complain instead of going to work.

B. Radio.

(1) Iran-USSR. Daily morning commentaries continue with same themes. But on Azerbaijan day radio Iran joined press with Nationalistic summary of defeat of "Traitors", and warnings to any other traitors who might get ideas. Again no mention USSR.

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PAGE 4

C. Radio Moscow, NVI. Radio Moscow said U. S. losing prestige throughout world because through its meddling in internal affairs other nations is causing poverty, unemployment, bankruptcy. Said in past Iran pillaged only by AIOC, now over 1500 American Companies looting country. Charged U. S. not only takes back ten dollars for every dollar spent in these countries but sabotages their economies, chains them to military pacts. Stated time has come for Iranians like people of other countries, to break shackles free themselves from slavery. (UNCLASSIFIED) NVI attacked Shah as corrupt, licentious, shameless slanderer, keeper of harems and foreign dancing girls, servant of imperialism. Also attacked PM, present govt, as identical with previous coup D'Etat govts. Said postponement elections proof weakness of regime and now is time for national forces to deliver final blow. (UNCLASSIFIED) Comment: This first time in many weeks NVI has resorted to attacking Shah, PM, govt, personally. Coupled with stronger than usual language from radio Moscow, it suggests Soviet action temporarily increase propaganda pressure, possibly with view to forcing Iran into negotiations. (CONF)

3. Military

A. Army

(1) Draft exemption rules.—Press reports draft-eligible men born between years 1932-1936 who have not completed school education and have family to support and those who completed school education are exempted from Military Service. Those under military training will not be required to complete training. Those who received temporary exemption for health reasons will be exempted permanently. Draft-eligibles who failed to report to conscript dept to clarify status of education and family will be apprehended and required to undergo military training. (UNCLASSIFIED) Comment: Exemptions granted in honor of birth crown prince. Policy expected to release 5000 men from active military service, exempt GPNPP draft-eligibles.

(2) Reassignment. Reportedly Lt Col. Abdol Hamid Jahamani appointed Co. 111th Tank Bn Vice Lt Col Ali Akbar Dadsetan. (CONFIDENTIAL) Comment: Dadsetan (retired) recently involved in Armor/Cav center corruption scandal. (CONFIDENTIAL).

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(3) Azerbaijan day. Annual parade held at Jalalieh race track 12 Dec.; included Army, Navy, Air, Gendarmerie, police and national resistance force units stationed in Tehran area. (UNCLASSIFIED).

Comment: Parade well organized, impressive. Azerbaijan day compares to U. S. Armed forces day. (UNCLASSIFIED).

B. Air Force

(1) Mehrabad airport runway. On 15 Dec dedication ceremonies occurred opening new extension to main runway. Runway now 4000 meters long, 46 meters wide. (UNCLASSIFIED)

Comment: Airfield can now handle all type jet aircraft including B-52 bombers. (CONFIDENTIAL).

ACTION: ACSI

INFO: DCSOP, CA, OSA, JIG, OSD, AF, NAVY, STATE

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DEC 60

STATE CONFIDENTIAL

1. Political

A. Internal

(1) Majlis Elections

Official election announcement delayed, though preparations continued. PM issued order Dec 26 stating govt officials should remain impartial, avoid interference, protect rights all persons, whether voters or candidates. Bfrdom announced partial list candidates, most of whom ran last time. Melliyun has stated not planning publish list. (OUO) Comment: As delay continues prospects diminishing that elections will be quick with little public attention aroused. Delay probably due internal dispute over method of elections. (CONFIDENTIAL)

(2) Wheat stock developments (WEEKA 51) - Confronted by rapid drawdown wheat stocks GOI has requested additional diversion India-bound PL-480 wheat cargoes. Favorable reaction USG and indications Indian willingness cooperate greatly appreciated GOI. Original GOI request was for 30,000 tons. Indian Embassy here supporting request this amount despite preliminary information from New Delhi that authorization will be limited to 20,000 tons. (OFFICIAL USE ONLY). Comment: 20,000 tons should prove sufficient tide GUI over until direct shipments title I wheat begin arrive January and February. Iranian Emb Washington has been instructed complete title I orders expeditiously. (OUO)

(3) GOI financial delegation returns. Following return from discussions Washington, plan org Minister Khosrow Hedayat informed press of terms involved in DLF, EX-IM, ICA financing assistance be highly praised cooperatives USG. (UNCLASSIFIED)

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Comment: GOI del pleased Washington reception. Considers balance of payments, cash flow problems connected with US assistance reduced to manageable proportions result discussions. Optimistic about additional assistance early 1961 but Hedayat, in particular, aware chances further aid directly related GOI implementation stabilization program. (CONF)

B. Iran-Iraq Amb Abbas Aram returned Tehran for consultation December 25. (UNCLASSIFIED) Told charge he believed had achieved some success in creating more cordial atmosphere toward Iran but had made no progress toward solution outstanding problems. Said Fomin Jawad had no authority negotiate on Shatt Al-Arab issue and PM Qassem refused discuss problem. In circumstances Aram expects difficulty in convincing Shah Iran should not go ahead with plans for berthing ships at Abadan. (WEEKA 45)

Aram also observed that role of USSR in Iraq considerably weaker than in past, commented on internal affairs by saying Qassem remained successful in playing off various elements against each other. Doubted situation could continue indefinitely in face of opposition to one-man rule, discontent with present state of affairs. (CONF)

C. Iran-Morocco, Visit of King Mohamad V to Iran postponed from Dec 21 to Jan 31 (UNCLASSIFIED)

2. Psychological

A. Press

(1) Iran-USSR, Commenting on improvement relations with Iraq, Jehan claims differences with four Moslem neighbors eliminated, notes also Iran on good terms with USSR for some time. Azhand hails Gromyko speech as creating friendly atmosphere for settlement issues. (UNCLAS)

(2) Algeria-Asiya denounces French Imperialism for keeping Algeria backward, claims referendum designed protect imperialism, DeGaulle should abandon obstinate position since Algerian freedom inevitable. (UNCLASSIFIED)

(3) New U. S. Administration, light comment. Two papers stress Kennedy views as defender democracy for all countries. One challenges new govt to avoid fate of Eisenhower's by finding solutions world problems, particularly Red China. (UNCLASSIFIED) Comment: Notable papers apparently ceased worrying about Kennedy attitude on aid. (UNCLASSIFIED)

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PAGE 3

(4) Loans to Iran, Hedayat return with loan promises hailed as evidence U. S., world confidence Iran, increase Iranian prestige. Poste Tehran warns rising international position Iran will one day force it assume greater international burdens "Among Progressive Nations". (UNCLASSIFIED)

(5) Elections PM's circular instructions govt officials to observe strict impartiality in elections widely hailed as offering hope truly free elections. Some papers remain skeptical, pointing out neutrality govt not enough as provincial officials not dependable, accustomed to rigging. Keyhan warns that "Very prestige of country depends upon these elections". (UNCLASSIFIED) Comment: Editorials bland, colorless. Almost total absence news reportage on elections in striking contrasts last summer. (UNCLASSIFIED)

B. Radio Moscow, NVL Radio Moscow reported Gromyko's remarks to supreme Sovie. concerning relations with Iran, Turkey. Quoted him as saying USSR wished normalize relations with Iran but not successful yet due obstruction by certain circles which have designs on both countries, thus desire continuation strained relations. Continued decrying bad state Iranian economic affairs; blamed economic troubles on exploitation by American, European Monopolists, armaments burden, presence American advisors for economic difficulties. (UNCLASSIFIED) NVL said Iranian nation determined prevent election controlled 20th Majlis. Said Shah knows this, therefore cautious about beginning elections. Claimed now is time conquer traitor regime through alliance all national forces. (UNCLASSIFIED)

3. Military

A. Army

(1) IIA Promotions, Annual promotion list of field and company grade officers includes following promotions to ranks indicated: 255 Colonels; 340 Lt Cols; 318 Majors; 409 Capts; 521 1st Lts; 245 2D Lts, effective 23 September. (CONFIDENTIAL) Comment: Promotions in ranks 1st Lt through Colonel reflect increase of 666 over promotion list 1959. Promotions to 2D Lt decreased by 391. (CONFIDENTIAL)

(2) Reassignment Lt Gen Hassan Amiri appointed under Secretary to Ministry of Education and President of Youth Health Org Vice Maj Gen Mohamad Daftari (WEEKA 47) (UNCLASSIFIED)

B. Navy; Negative

C. Air Force; Negative

ACTION: ACSI

INFO: DCSOP, CA, OSA, JIG, OSD, AF, NAVY, STATE
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